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THESES

1938

Qualitatively

and

The Cooperative Movement

—

A discussion of the problem of achieving a high
work and the relation thereof to the cooperative movement.

by

Robert L. Marsh

Volume VII

S. S. Weaver, Editor, 1938



Pacific School of Religion

Presented in the Department of Social Service
in partial fulfillment of the requirements for
the degree of Master of Arts at the Pacific
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Volume VII

Section 2 School of Religion

Christianity
and
The Cooperative Movement

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A discussion of the problem of selecting a life
work and the solution offered by the Cooperatives.

by

Robert K. March

B.A. Wooster College, Ohio, 1935



Thesis
presented in the Department of Social Service
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Part I

Considerations in Selecting a Christian Vocation

Chapter I

General Survey of the Field of Vocations

Direction and Purpose

The problem of a job, a way of earning a living, faces every young person today. Older folks have struggled with this problem more or less successfully for years. But for younger people a multitude of baffling, thrilling and disappointing experiences lie ahead, all new and strange.

Many of these young people have had little opportunity for the kind of education and associations which help them see beyond tangible, material, immediate objectives such as food, clothing, shelter, and as many luxuries as possible. This is about all that a job means to them! There is very little selective choice made. One is glad enough to get any kind of a job for the opportunity to choose between two or three possibilities is rare indeed. Automatically, therefore, the matter of how much one can make out of the job becomes more important than what one accomplishes in the work, for the chances are extremely small of happening on a job which calls forth one's best efforts and also points toward a realizable yet idealistic and worthwhile goal.

An increasing group, however, have had the advantages of a broader education and a wider range of experience. For them the problem is more intricate, of greater consequence and is considerably more difficult. The complex field of social environment affects the choice

of a vocation, consciously when social forces are viewed objectively and unconsciously as they have been woven more subtly into the warp and woof of a person. These last influences will be better left to a study of environment as it contributes to the development of the individual.

We will suggest here the objective factors which should be considered in choosing a vocation. How much should a man look out for the welfare of other people as he earns his daily bread? Some people turn deaf ears to suffering and need until they are well-to-do, and then make generous gifts in the name of religion, humanitarianism or culture! Others feel that wealth is God's earthly reward for high spiritual living. This concept was an early development of Protestantism.¹ Yet there are those who believe that in extreme poverty is to be found spiritual riches. St. Francis of Assisi and Mahatma Gandhi lead this list. Probably the great majority of people content themselves with some sort of middle road into which they drift. In conversation with a man who has "settled down" in a certain job, one often finds a rather vigorous defense of his position. But his defense is largely excuses explaining, in fact, how the "hard realities of life" have forced him to compromise or discard his youthful dreams. How few young people have definite social convictions today, and are prepared to put these convictions in practice as they make their bread and butter!

Support or Non-Support of the Status Quo

The field of vocations or ways of earning a living fall into two general groupings; those which tend to support the status-quo and

those which tend to replace or radically modify the present social order. In this paper, by status-quo is meant our present democratic capitalistic society (to use Henry Wallace's phrase²), as it exists in the United States and to a certain degree in the democratic countries of Europe. Those who support this society do not necessarily mean to imply that it is by any means perfect, but that it is properly oriented in its basic presuppositions; that the evils which are now present in this society are not indications of fundamental weakness or approaching disintegration, but are the results of specific secondary factors, which may be eliminated without major changes in the form of democratic capitalism. The policies of President Roosevelt would seem to indicate that this, to a large degree, is his position.

The alternative to supporting the status-quo is to take up work which aims toward a new society, not rejuvenating the present one! This involves the belief that the present social set up is not building toward an improved order but is retarding progress and that it has within it factors which must produce its own collapse. As a rule there is far greater disunity as to methods and means among those who hold this view than among the supporters of the present order.

A warning may be added here. There should be a definite choice made between these two broad fields, for lack of decision usually means that one automatically throws in one's lot with the status-quo.³ One exception may be made; that is, if indecision results in unemployment. The rapid growth of unemployment in recent years is a direct threat to the status-quo. In general, however, we find that the mere act of indecision is, in fact, necessarily a decision in favor of things as they are.

Supporting the Status-Quo in Business

What are the opportunities and problems of a young man entering the modern business world? First, it should be repeated that entering into work which does not support the status-quo involves definite personal conviction. The decision is often made with no small amount of heroism in the face of unavoidable sacrifices. On the other hand, most of those who go into business today, passively and uncritically accept the present economic and social order. When criticism comes, their position is thus one of rationalization.

The Christian young man today should guard carefully against this possibility. If he decides to take his place within the status-quo it should be a deliberate choice made after careful consideration.

Nearly all of those who have attempted a definition of capitalism agree that its primary motivation is personal acquisition of goods or wealth. A man who is successful in the business world becomes the controller of an increasing amount of property or goods, and power. His objective is the "goods life" - rather than the good life.⁴ Jerome Davis summarizes a number of definitions as follows, ".... modern capitalism is the economic system under which production, distribution and finance are becoming concentrated into large-scale interrelated units, which are, on the whole organized into corporations, privately owned, and controlled by a minority who run them for private profit."⁵

Many of the generation which are now preparing to carry their own responsibilities have been so indoctrinated with the ideology of capitalism that they honestly believe that for them, personally, happiness

material success, and the acquisition of wealth are inseparable parts of a unity in the process of living. Those who look deeper usually discover that happiness and the service motive are very close together. Cannot a man work within the capitalistic system and yet keep this service motive to the fore? An outstanding example would be the late "Golden Rule Nash".⁶ Sometime ago he acquired a small clothing factory. When he found out the wages and working conditions of his workers, he felt that such a business could not be justified on humanitarian grounds. But rather than close up immediately he decided to try paying what he considered a fair minimum wage, though from a strictly business viewpoint, this would force him to close within a short time. Since he had little to lose he told his workers of his plan and went ahead. Amazingly, at the end of the test period, the enthusiasm of the workers had increased the output so as more than to justify the wage. The organization democratically controlled by the workers who elected Nash their business manager, has grown to a position where its goods are known over the nation. Perhaps this business is representative of many which are operating within the present system on a modified capitalistic principle tending toward socialism. But the fact remains that the capitalism for which such a man stands could hardly be called such by the definition previously quoted.

There is another side of the picture, too. A rather typical case is that of an above average man who took an advanced degree in engineering and found a good job in a cannery. After a short time in the plant he discovered that his job depended on his efficiency in getting the most work out of those under him and that in order to rise in the business he had to be continually driving the workmen to increased productivity. He came

to feel, after a short time, that he just couldn't do it. Finally, counting the gains and the cost, he decided to leave the field and prepare for the ministry, even though his family hopes and plans were based on that job. This case is not an isolated instance, for the writer is personally acquainted with a number of men who have had similar experiences in various lines of business. The following conclusion may be drawn from these two instances. An individual who is near the top or in control of a comparatively small business unit, as was Mr. Nash, finds it possible drastically to modify usual business procedure in the direction of economic democracy. But in the case of the larger corporations, the pressure of traditional procedure, of conservatively minded stockholders and directors, and of competition, leaves the individual working in a corporation but two alternatives. He must become primarily selfish, placing many altruistic and service motives in the background in order to live by the theory that the greater his selfishness, the more benefit he will be to society; or he must sacrifice himself on the altar of idealism, attempting to put in practice unselfish beliefs for which there is no place, either in the theory, or in the practice of modern capitalism.

The motto of the Rotarians "He profits most who serves best" contradicts the above argument. But this motto is the expression of Utopian Capitalism, the capitalism perfected through natural law. No detailed refutation is necessary, for many are those who profit greatly from evil and destructive enterprises, and many are the good gentlemen who have been doing noble service, but have been run out of business by some powerful monopolistic corporation.

Discussions of primary motivating factors are endless, but that the profit motive completely overshadows the service motive is only too evident when we consider how few businesses are run on a cost basis. The service which a profitable business renders to a community is very evident at first, because the effect of the constant trickle of profits out of the pockets of the consuming public and the workers into the control of the company boss or directors, is evident only after a considerable length of time.

The average job in the business world today, whether office or manual, will utilize a man's creature instincts such as self-aggrandizement through dominance in competition, and will offer him creature comforts, delicate food, fine house and clothes etc. At best, he may find physical satisfactions - we cannot say happiness - and even this is becoming a decreasing possibility today. When a man realizes this and aims toward higher goals, he is more or less pointedly seeking a better society, a society which emphasizes more clearly the humanness of man, and makes material things tools for his development and expression, not ends in themselves. He can hardly do this and support the status-quo.

Support of the Status-Quo in Other Fields

There are other fields of activity within the capitalistic system. An individual may not feel impelled to change things, conscious of the shortcomings of the system as he may be. Such fields, not directly involving the production and distribution of wealth are politics, professional work, social work in the sense of relief, vice campaigns etc.

Politics

What about politics as a field for activity? The functions of government might be placed largely under three general headings: (1) direction and control of men's selfish activities, penalizing his so-called unsocial actions, (2) coordination, (3) representation of the people in international affairs. Certainly politics is a fertile field. Under the first heading comes almost limitless legislation, such as the protection of natural resources, educational management, and protection of individuals from exploitation, limitations of cut-throat competition etc. Under the second heading such government activities as the recent crop control bill, interstate commerce regulation, postal service, are classed. In fact, a large proportion of federal legislation falls into this group. Under the last heading come tariff laws, international activities and agreements and the responsibilities of the far flung diplomatic service. These groups are not mutually exclusive and are intended only to be suggestive as to the fields and factors on which one who enters politics may build a career. One thing, however, must be considered. It is almost an absolute necessity for the person who intends to rise in politics to have a substantial private source of income. The "poor but honest" man in American politics has little chance.

There are also steadily increasing tax supported jobs in the Post Office, forestry, coast guard, office work and innumerable other positions. In a very large proportion of these government positions little more social conviction is required than an oath to support the constitution. Certainly whether one has a definite purpose to support the status-quo or is socially indifferent, the government offers

many opportunities for a useful life as well as a considerable degree of comfort and security.

Professions

In the professional field, too, one may remain comparatively indifferent to social trends. A settled belief that in earning a comfortable livelihood one will come in touch with many individuals and be able to give them a helping hand along the road of life, is typical among our cultured middle class citizens in professional positions. The large proportion of these people are ones who are benefiting from the present social order and hence feel no compelling reason to change it. They seldom come into contact with the abuses of capitalism so it is easy for them to excuse and overlook what little degradation they do see.

Nevertheless the professional field has most valuable aspects. No one can deny the worthwhile work of doctors, even though they give most attention to those who can pay. Their steady, persistent efforts to conquer disease have raised the average life expectancy many years. Our engineers have given us technological improvements which make possible a luxurious standard of living. They are hardly to be condemned because their social resourcefulness has not paralleled their inventive genius. In the legal profession there is room for clear thinking, clean-handed men. Many authorities believe that a large number of the men in our prisons today are there on framed charges or through some legal miscarriage. Many times a lawyer holds in his hands the power to make men or break them!

Teachers and professors have tremendous influence over the younger generation. A man who feels he has a message of importance to the world may take this way of multiplying his efforts in order to reach more people. Of course their main job is to pass on the valuable portions of our cultural heritage to those who come after. Who can say there is a more important task than this? There are many other professions, but these may be taken as indicative.

Social Welfare Work.

Reform movements, charity, social welfare etc. are fields which many people find absorbing. Here one comes in contact with those who for multifarious reasons have failed to make a livelihood or have failed to become adjusted to society. Sometimes social workers attempt to rehabilitate these people and find them jobs to get them on their feet again. More often they distribute relief in various forms, in food, clothing, rooms or work. Both public and private funds are used. Considering the nation as a whole the private relief distributed barely scratches the surface. Even the astronomical figures of government expenditures on relief give a bare subsistence livelihood only to part of the eight to twelve millions of unemployed. This relief is not even a pretense toward permanent alleviation of the situation, but merely "tides families over". Relief work, imperative though it is, may be very disheartening.

Prison reform and anti-liquor campaigns have done much that is very worthwhile. All these activities, however, merely skim the surface and do not tap the root of the trouble.

Summary

In the long run, all such activities or vocations within the framework of the status-quo have very vague objectives. The predominant

attitude of well-meaning people is typified by those churches which propose to usher in the Kingdom of God mainly by converting individual persons. Honest and devout laymen hope the world will improve if each will contribute his bit in helping his brother along and making his own little contribution. These efforts are largely hit or miss and are not geared together to promote any specific progress. The goal - a perfect society - may be seen far ahead, but the next concrete move toward it is lost in a complex muddle!

We must not commit the error of forgetting the individual in our efforts to improve society. Individual and social development must go forward hand in hand. Necessary as these activities may be, it seems to me that they will not lead to the fullest lives, within our democratic capitalistic system. Actually it is not a real system at all, and this lack of social integration is a serious handicap to the long range effectiveness and purposefulness of a person's work.

Work in Various Fields Aiming Toward a Different Society

What about some activity which aims to replace or make over our social-economic order? The most radical movement opposing capitalism today is Communism.

Communism

Karl Marx, the father of modern communism believed that everybody should have a chance to work and everyone receive a livelihood. He showed clearly and truthfully how the bourgeois interests become increasingly opposed to the interests of the proletariat, through the normal and inevitable functions of capitalism. He saw but one possible outcome of this increasing tension - revolution - the capturing of power by the

disinherited. Unless its dominant power was absolutely surrendered, the bourgeoisie would be exterminated. Thus the worker's state would be set up and economic democracy would be a fact.

Probably no one man since Christ has exerted as potent and far reaching influence as has Marx, and the challenge of Communism is not to be lightly cast aside. Some of the ideals of Communism, with the notable exceptions of its doctrines of violent revolution and atheism, are very close to those of Christianity. Going further in its defense it may be said that revolutions are less bloody than capitalist wars and that they achieve their objectives much more successfully. As for atheism some one has said that before you condemn a man (or group) for atheism you should find out what his conception of God and religion was. Certainly the Czarist church was not holy.

Communism provides an outlet for a do-or-die type of idealism. How successful its program for the freedom of the masses may be, remains open to serious question. Marx foresaw that, for a period following the revolution, the dictatorship of the proletariat would be necessary to insure the safety of the experiment. Recent history shows that instead of being liquidated with the passage of time, the dictatorship has been concentrated in the hands of the Communist Party, and further that today the Party is being subordinated to the command of a one-man Dictatorship. Either there were bad holes in Marx's theory or else his program has not been scrupulously carried out. The first experiment however is not always successful and there are millions who believe that communism may yet prove a more satisfactory economic system than our present one.

Socialism

Socialism is another expression of idealism. Many noble, intelligent, self-sacrificing men are identified with it today. Simply, socialism proposes to introduce a new social order by legislating the old one out of existence. It proposes that there be the same kind of democracy in industry as we now have (to a limited degree) in politics. The underlying supposition is that the power of the majority will vote-in officers and laws which will bring the minority into conformity. There must be a slow educational process carried on until there is a political majority of the dispossessed and the idealists. These then capture power - in a peaceful revolution - and impose their will upon the wealthy classes. The state would then take over industry through tremendous governmental expansion, and run it in the interests of the whole people.

Can this process work? Probably so, and yet in Spain it resulted directly in civil war brought on by the reacting minority. The process finally resorted to is approximately the same as in Communism.

Perhaps socialism came to power too suddenly in Spain. Certainly the slower the process and the more evolutionary it is, the less would be the likelihood of violence. From the Christian point of view, the socialist theory is all right. But the question remains, can any system or movement which proposes (more or less) forcefully to suppress even a minority be ultimately successful?

Labor Movement

The Labor Movement is very much before the public today. It has had little time to develop a philosophy and its objectives are not

always clear. One thing is certain. Labor is demanding an equal voice in industry. At present it is using its power to reduce hours and increase wages, in an effort to raise the standard of living of the workers. It is doubtful, however, if this procedure will be a real gain. Unless it can lay claim to some of the surpluses and profits, labor will be no better off, since higher labor costs are directly reflected by a rise in living expenses. If labor enters the political field it will more likely improve conditions. In this way labor's interests would parallel those of the socialists.

There is no doubt ~~but~~ that ^{organized} labor is an increasingly important figure in our social scene. It badly needs long range objectives and constant education toward these objectives in order to prevent the violence and disorder which it might bring about. There are big jobs to be done with labor which demand clear heads and iron nerves.

Summary

The challenge which these movements offer is tremendous. Their objectives are of real significance. The dangers which beset them are also very potent. If successful, the pendulum is likely to swing far to the left, bringing certain reaction. The methods by which the ends are attained are sometimes open to serious question. Since I am convinced that social change should be a slow, evolutionary process; and that it should not be imposed upon the people by a man or party from above but should be the expression of the will of all the people - not a certain class - to work together for the common good, I feel that, fine though these movements may be in part, there is yet a better way of serving the interests of mankind which in turn are one's own interests.

Religion

In choosing a vocation the field of so-called religious work should not be overlooked. The "call" to this work should be understood to mean, not generally the desire to do God's work, for all good work is God's work. Those entering some form of ministry should be firmly convinced of the vital necessity of the institutional forms of religion. They should have the specific aptitudes which religious work requires, just as does the doctor or the engineer.⁷

That religion bears vitally upon social issues there is no question. The church is the fountain of social idealism, the great orientator of human lives, the inspirer and challenger. "It is not her province as an organized institution to assume responsibility for the entire conduct of life and education".⁸ Neither minister or layman should attempt to make the church the instrument of social action.

The section of the Report of the Oxford Conference⁹ on "Immediate Christian Action" has two subheads (1) Action by Churches, which included; a. reform of their own institutional life, b. development of new machinery for research and action, c. integration of work and worship; (2) Action by Christians, including; a. action within the existing economic order, b. group experiments, c. changing the economic order. Without further discussion of this outline it seems clear that the leaders in the Church today are agreed that the action of the Church should be largely turned inward upon its own specialized functions. The broader aspects of social change are left to Christians, inspired by the church, but working independently or organizing separately for specific purposes.

Those who desire to enter the field of religion as professionals are to be heartily commended. They should remember, however, that to a large degree, the vigor and validity of the Gospel which they preach depends on their personal conduct and experience in life. It is as much the duty of the pastor to take part in some secular activity as an avocation as it is the duty of his lay brothers to take part in the life of the church. This avocation will probably be found to be his most potent and ever freshening source of spiritual power.

It is the personal belief of the writer that the church today needs active and devoted laymen more than it needs ministers and pastors. The possibilities of the ministry should, however, be given careful consideration before making the choice of a vocation. It may be added that whether a man intends to enter the ministry or any other work, a year or two in seminary may well be worth two of general education.

Chapter II

Evaluation of Activities According to
Certain Christian Criteria

We have just reviewed, in a sketchy manner to be sure, the general fields of work in which the average young man of today expects to make a living and possibly to contribute his sparkling freshet that it may swell and purify the muddy surging flow of the river of life. Let us now turn to a list of criteria by which we may make a value judgment as to each possibility; first, whether it be largely evil or orientated toward increasing good, and second as to the degree of its effectiveness.

The following criteria and elements of belief are intended to be broadly suggestive and cannot hope to be all-inclusive:

1. There is a Power, whom we call God, and whose nature is essentially good, who created a world of order and beauty.

2. That in his most wonderful creation, man, he saw fit to share his own responsibility for the fulfillment of his good purposes, and that man himself therefore has divine potentialities. Emerson has said, "One man was true to the best that is in you and me". Jesus proved that each man is truly a "son of God", and who may, by living as He lived, achieve the divinity, or full expression of Godlikeness, which was His.

3. The workings of the Universe are founded not merely on justice but more fundamentally on Love. God the Father is not a dominating and predetermining parent but, as far as the human race is concerned, he needs men's cooperation in making a more perfect world. He has left it within the power of men to become Godlike or to extinguish completely their spark of divinity, reverting to brutishness.

With these general considerations in mind we can set up more specific norms for evaluating our activities.

a. Individual man is of infinite value since he has Godlike potentialities which ever seek fuller expression.

b. All men of all classes and races are brothers since they share the divine spark given by God, the common Father.

c. Evil is that action which tends to quench in anyone the spark given by God, and it can be overcome only by good. Overcoming evil may mean supreme sacrifice of self.

d. Love and service are inseparable and are primary motivating factors in promoting fellowship and community of interest, and in successful living.

e. Through sharing of common experiences and interests, as men grow and develop, and in the study of the natural world, man may discover for himself the nature of God and become himself a truer son of God.

f. Man must recognize his kinship with God, his basic dependence upon him, and the purposelessness and evil of any activity which man undertakes solely to himself.

If these points are valid, then it would seem impossible that one would purposely take up any activity which supported the capitalistic system. For in modern capitalism the glorification of the selfish motive of personal gain and aggrandisement cannot stand beside primary motives of love and service. Readily will we admit that the selfish motives are strong in man, but they are to be deplored, not glorified. Capitalism is orientated, therefore, not toward good but toward evil.

Emphasis on individual morality, which has been the chief emphasis of religion in the capitalistic era, is very fine. But the individual is greatly affected by his social environment. A Christian individual attempting to live according to unselfish and loving ideals is like a man trying to climb up the wrong side of an escalator, the part which is traveling down. It is possible for a few almost super-humans to reach the top, but unless most individuals can be helped along by a society "going up " there is little hope.

However, as we have noted, there are social movements which aim to modify, reorient or replace capitalism. How do these fit with our criteria? Briefly, communism fails for two reasons: it avows readiness to do violence and wreak death and destruction if necessary in order to establish itself: (evil is not to be overcome with evil), second, it rejects the belief in man's fundamental dependence on God.

There seems to be one leading objection to socialism. Its success depends upon the imposition of the will of a certain group upon a minority of the people using the more or less coercive powers of government. Government should be the expression of a people's need for direction and coordination, and the people should control the government, not the government the people. The use of force from above to insure conformity is a violation of individual personality and will tend to become self-defeating.

It is difficult to make an evaluation of the labor movement. But some dangers may be mentioned. Labor tends in the same way as capital to be concerned primarily for itself. Its objectives are short range- the right of all to work, a higher standard of living, a voice in industry. It forgets society as a whole and aims at no basic reforms or

reorientation of society.

A leading objective of the Church is a just and loving society. Though we are hearing much of the "social gospel" in our churches today the emphasis is still largely individualistic. The Church is a fertile field for growth of a new social idealism. Leading thought and moulding attitudes is a great work. However, the man of action should not attempt to find in the Church a channel for social efforts.

What kind of a social order would conform to these criteria? First, its motivation would be love, not fear or self-aggrandizement. Human selfishness would be enlightened through the understanding that the ultimate welfare of one depends upon the welfare of all! It follows that no one will gain goods or power at the expense of any other! Government there must be, but it will be recognized that the functions of government will be increasingly limited to coordination of activities. Leaders in both government and industry will be selected for their proven ability to fulfill particular functions and will remain in office only as long as they work for the general welfare. Always the individual will be considered the basic unit of primary importance. The success of the social order will be judged by the development and expression which each individual finds possible in that order.

Here then is the problem of the modern Christian youth in selecting his vocation. He must select first the general field of work which he feels is most important to human progress and which may achieve the good society most quickly. And secondly, he must select the particular activity within this field for which he is personally

best adapted. It is the firm conviction of the writer that the Cooperative Movement is oriented in the right direction, that it is based on sound economic, moral, and ethical principles and that since it aims to include all life activities, it offers splendid opportunity for development of all individuals of every capacity. We shall now turn to a careful study of cooperative principles, the way cooperation works and its relation to other world forces.

Part II

The Cooperative Movement

Chapter I

The Beginnings and Scope of the Movement

History and Principles of the Rochdale Cooperative

Nearly every great social movement rises as the answer to a great need. Usually these movements are a reaction against existing social forces or practices. Too often the new movement falls into the error of creating evils equally great in another direction. For instance, anarchism is often the answer to Autocracy or Dictatorship. So through decades and centuries the pendulum swings from action to reaction and back to re-reaction and the true middle course seems never to be found.

The Cooperative Movement started because of the desperate need of the utterly impoverished and exploited English industrial workers of the middle 19th century. Cooperatives had been tried before but without notable success, because they were not based on sound guiding principles. The story of the twenty-eight Rochdale weavers is known throughout the cooperative world. It was this poverty stricken, meagerly educated group which laid down the working principles by which the modern movement has flourished.

In the winter of 1843 some weavers in the small mill town of Rochdale, England, met together to discover, if possible, a way of bettering their condition. They were oppressed on the one hand by the mill owners who constantly attempted to cut wages, and on the other hand by the retail stores which showed an unscrupulous tendency constantly to raise prices. There was almost no hope of better wages, for the trade

unions were purely defensive organizations. To pool their buying power in an effort to get a little more for their money, might be a more practical and immediate method of helping themselves! An Owenite¹ disciple had made a speech in the town and had encouraged these weavers. They agitated the idea among themselves until they had a small but determined group of twenty-eight men who agreed to pay one pound each toward their own store. Collected in weekly installments of a few pennies they finally gathered the twenty-eight pounds (about \$140.00) and opened their little store on a back street. The members themselves operated the store which was open three nights a week. Their pitiful stock of flour, butter, sugar, and oatmeal was worth \$10. "At the end of a year the Rochdale Pioneers had done a business of \$3500 and had accumulated a capital of \$900, with seventy-four members. In seven years, they had purchased a flour mill; two years later, a shoe factory, and soon they had their own cotton and woolen mill. At first, their factories did not do so well, but their consumers store prospered amazingly. Today, in the small city of Rochdale with less than 100,000 people, instead of twenty-eight, the Cooperative has 44,000 members with \$2,800,000 capital, doing a business of \$3,000,000 a year. Since they first organized with \$140 capital they have had in this one city a turnover in their business of \$150,000,000 and have distributed among themselves \$20,000,000 in dividends."²

"Where others had so often failed with their Utopian dreams from the time of Plato's Republic, these untutored men had succeeded because they hit upon certain simple rules of ownership by consumers!"³

What are the fundamental principles by which the Rochdale pioneers became so successful? These rules, developed and tried over nine decades are as follows:

1. Every member has one and only one vote.
2. A fixed limited rate of interest is paid on capital - no stock dividends etc.
3. Patronage dividends are paid out of the earnings after interest and reserve for growth and education are taken out.
4. Membership is open to all.
5. Sell for cash at market prices.
6. Constantly educate in the principles and aims of cooperation.
7. Continuous though careful expansion and federation with other near societies, having the ultimate aim of national and world cooperation.
8. Neutrality in race, religion, and politics.

Of this list, the first three are generally recognized as being absolutely essential to the success of a cooperative. The first, one vote to each member, shows immediately the contrast between cooperation and capitalism. In the latter it is the amount of money ~~of~~ the number of shares, which determine the number of votes which a person may cast. The results of this are evident by the way single individuals or small groups may direct and control in their own interest corporations which deal in vital necessities of modern life. The mechanical ramifications of this vote per share process are endless. For instance, it is possible for an individual owning less than 1% of the total stock to have the controlling voice in a company. Cooperation emphasizes the

human element and in order to make sure that human rights keep precedence over property rights it insists that no matter how great a property interest a person may have in a business he may yet have but one vote in the control of its affairs. Thus democracy in economic activity is insured.

The second principle is closely related. Not only is the possibility of selfish domination stopped, but all speculation on earnings of the business is eliminated. The value of shares does not rise and fall, nor does the rate of interest. It would be perfectly consistent with cooperation to pay no interest at all on capital, for capital is invested not for its earning power, but that it may directly serve and save. The word profits can hardly be used in connection with the surplus Because it is actually a saving on purchases which is returned to the original spender. Thus the net price paid for goods is more nearly the actual value received. In this way the third principle ties in with the first two. Mr. Davis puts it this way: "When one buys something at a Cooperative store he purchases what he has already paid for through his stock membership. He pays again in order that the article may be replaced... Since (this extra amount)... cannot be determined in advance and since money has to be deducted for expansion, the excess charge is returned at the expiration of a fixed period. Actually he pays more than it takes to replace the article but this is later returned to him."⁴

Open membership prevents the cooperative from becoming an advantage only to a few people such as a particular trade union, a certain church group or racial division. The more members, the more capital

invested and the greater the savings to the group. There is no reason for limiting membership except against those whose purpose is obviously destructive. Cash sales allow the store to keep a maximum amount of capital on the shelves in the form of merchandise. It also eliminates risks which may easily ruin a young organization, and it promotes the sound personal economy among the members - of living within their budget.

Education is fundamental to the growth of a society. Members who patronize their store solely because it is convenient and saves them money are of little help to the movement. "Without vision, the people perish" can be truly said of cooperation, for in its social significance, its world scope, and its basic justice, is the strength of the movement. Study groups and library facilities should be available to every member and to prospective members. Thus education, mutual assistance in business and common interests in economic and cultural pursuits are all factors which bind societies together into a world movement.

What are the motives which activate the cooperative movement? -
It is said that there are two elementary driving forces within every human being; the desire to acquire material possessions and the will to be of service. Capitalism glorifies the first, giving it first place, assuming that the satisfaction of the second elementary impulse will be automatically gratified by the function of some(super) "natural -law". Cooperation readily admits this human desire to acquire goods but points out that the welfare of one depends upon the welfare of all. Thus, by placing the service motive first it proposes to achieve the satisfaction of much goods, not as a possibility for a few, but as a reality for all.

When the owner of a store and the buyer at the store are two people there is a conflict of interest. The owner wants to charge as much as he can in order to make profit and the buyer wants to pay as little as possible for his goods. But when the person who ultimately uses the goods owns the store, he has no reason to charge himself profit in addition to the actual cost of the goods and operation. It is the same in manufacture. The one who uses the product also owns the factory and he operates it on a cost basis. So, through the service motive, we see emerging an enlightened self-interest.

The worker is employed by the society and is guaranteed his salary. The things he makes are his best work and belong to the society of which he is a part. The members pay the price which the product costs and this goes to the workman, and represents all the wealth which he creates minus the reserve for common purposes. The service which the individual performs gives him his standing in the cooperative democracy.⁵

How do these cooperative principles conform to the Christian criteria which we have previously set up? First, cooperation of man with man is the best way in which men may express their devotion to God and their desire to contribute their share in His plan for a perfect society. In placing the importance of human beings above the value of property, cooperation is re-emphasizing the Christian conception of the supreme value of the individual. It gives men the opportunity to express the best that is in them, and to love all men as brothers; for love is not love, unless it also serves. It assumes that if given the

opportunity, men will live up to the best that is in them; that since God and his Universe are good and just, there is also a basic knowledge of fundamental justice and love in men, which like all other faculties, is developed through expression and use.

Building a cooperative movement means many sacrifices in the same sense that triumph over evil by doing good means sacrifices to the Christian. The elimination of the necessity for selfish acquisition at the expense of others and in competition with others, frees man to study the world of nature and to utilize it to the greatest advantage without the waste of resources and destruction found in competition. He is also free to join in unlimited activity with his fellow men without that most separative of influences, personal selfishness. Through this fellowship one with another and the mixing of different attitudes and ideas, may come those new conceptions which ever renew the world and society, the development of man's Godlike potentialities. In keeping before them always the idea of a perfect society, men may come to feel an at-one-ness with God, their Father, which is the goal of religion.

Some may object that the cooperative movement is materialistic. Certainly it could hardly place more emphasis upon money and things as ends in themselves than ^{does} modern capitalism. Under capitalism, spiritual matters are emphasized largely through their separation from the routine matters of earning a living. Certainly none would deny that men have spiritual yearnings. We have spoken of this before as the divine spark or the impulse toward perfection. While this spark yet glows, man fights off those forces which tend to make him a brute. Always men have pictured for themselves a more perfect society, either here or in another

life. During periods in human history when the evils of the world seemed utterly insurmountable and during these periods of extreme economic pressure and degradation for the masses, men emphasized a other-worldly life where there would be justice and comfort and security. Strangely, or perhaps logically, under capitalism the very mention of the word "spiritual" has otherworldly connotations. The Church's message is purposely and admittedly individualistic in contrast to the message of the Gospels with their emphasis on society. The struggles of "righteous" persons to free themselves from worldly forces in order to preapre themselves, individually, for admission to heaven, have been described from many a pulpit. Though it is seldom voiced, the cooperative plan aims to bring these spiritual forces, this idealistic vision, to play upon the economic-social problems of today. Society can never be improved by high flown dreams of another world, or by separately converted individuals, but when these forces are given channels of action in daily life, a great reservoir of spiritual power is released among men, the effects of which the wildest visions cannot foretell.

Cooperation never forgets the individual, but it also makes no attempt to hide the evils of the social order or to escape from them. Society will not be made perfect by good individuals nor will an idealistic society produce faultless people. Cooperation sees persons as inseparable units of society, whose spiritual development is vitally related to the development of the whole.

"The building up of a civilization is at once the noblest and the most practical of all enterprises, in which human faculties are exalted to their highest, and beauties and majesties are manifested in multitude as they are never by solitary man or by disunited peoples."⁶

World Scope of the Movement

Let us turn now and look at the Cooperative Movement, where it is, how it functions, its relation to other world movements and trends; its world scope.

In a few countries and cities the cooperative movement is becoming all inclusive. A great many of the world's cooperators are in earlier stages of development. They are members of a grocery store, or a book buying club. It will be well to examine separately some of the enterprises in which the cooperative method has been particularly successful and where its effect has been most marked. But first we may note a few figures which will indicate the size and scope of the whole movement.

The curve of growth of the Cooperative Movement, starting, rather arbitrarily, with the miserable little Rochdale store in 1843, is an unbroken ascent. The grand total of the members in 465,000 societies in every country in the civilized world comes to some 140,000,000 people. "This is larger than the total membership of any political party in the world, such as Communists, Fascists, Socialists, or American Republicans or Democrats."⁷

Cooperators in England number some 7,500,000.⁸ They are capitalized at \$790,000,000, employ 275,000 people, have a retail trade of over a billion dollars and a surplus of over one hundred million.⁹ They are the largest dealers in the British Empire in tea, butter, sugar and bacon. The cooperative banks rank with the "big five" in Great Britain. Cooperative membership and business done is almost as significant, in

proportion to the populations, in Norway, Sweden, Switzerland, Czechoslovakia, Finland and Denmark. Even in China, with its hundreds of millions of people living on the bare subsistence level, the Nationalist government has vigorously organized and backed cooperatives as a means of modernizing and democratizing the country - as well as raising its standard of living.

Chapter II

Types of Cooperatives

The Cooperative Movement includes a great many forms of cooperative expression. In fact, the possibilities are so unlimited that in most of the countries of the world we can find successful examples of practically all kinds. Roughly we might group them as Consumer, Producer, Credit and Insurance, Mutual Aid or Self-Help Cooperatives. These rough divisions are interrelated and subdivided by numerous other activities. Some cooperative enterprises such as the Delta Co-operative Farm in Mississippi, and the New Jersey experiment, are distinctive and will be discussed individually.

Consumers

Usually the consumer's cooperative is the most important place to start, in considering the movement as to the way it changes society. Everybody is a consumer. People's needs differ but certain essentials such as food, clothing and shelter are common needs of rich and poor alike. This makes a common bond for action, irrespective of other differences. Unless consumers are organized, radical social legislation, profits taxation, producers cooperation, and many other partial panaceas will fail. No amount of efficiency in production and governmental control of production will succeed if the manner of distribution is not organized primarily to satisfy the demands of the consumers. The cycles of over-production and under-consumption resulting in depressions, will of necessity continue until some method is devised whereby no more is produced than can be adequately and evenly distributed and consumed. Kagawa points out that " the consciousness of people must be awakened to the importance of the economics of consumption as well as that of production. Until such a consciousness is aroused, capitalism will

exert its power to dominate the market completely and render futile the efforts of other cooperatives.¹⁰

Consumer organization, then, is fundamental. Just what are Consumer's Cooperatives? We have already referred to the Rochdale Cooperative which laid down the fundamental principles of cooperation and given a description of these principles. We can see that these consider the consumer of primary interest and as a result the business is run for service of the consumers and not for profit. Consumers are organized for the purpose of distributing to themselves. Whatever profit is made is used as a running surplus and distributed as savings to the consumer or used for other activities for the common welfare as decided by the consumer-owners. Thus the realm of consumer cooperation is unlimited.

Distributive stores

Probably the earliest and most frequent expression of consumer cooperation in economic-social life is the joint buying club. Just as they did in Rochdale, a group of intelligent and progressive people get together to pool their buying power in an effort to secure the necessities of life without paying a middleman tax, or profit. Starting with a small amount of capital the members undertake their own buying expeditions, one or more times a week, and use a back room or basement for a depot. Why not follow the story as it is illustrated by the development of the Pacific Cooperative Services in the East Bay part of the San Francisco metropolitan area?

In 1936 through the agitation of an Alameda Minister, Roy Wilson, a grocery buying club was formed. Because of the success of

this club, the Pacific Cooperative Services was incorporated on Jan.5, 1937 with sixty members. Four units were formed with a small store in Berkeley, two in Oakland, and a depot in Alameda. The initiation fee is \$1.00 and membership \$4.00 (returnable when membership is withdrawn) which is payable in sixty days or may accumulate as dividends. At the end of the year of 1937 these stores did a business of about \$17000 on \$800 of capital investment. This is compared with \$7,000 gross in 1936. The Berkeley store increased its membership in 1937 from 12 to 81 people and the sales volume from \$370 to \$840 per month. Current sales in 1938 are running over \$1,000 per month. Retail prices of the Berkeley store approximate those of the chain stores in the vicinity. Thus to the non-member the co-op offers about the same service as the chains. To members, however, the store offers in addition, delivery service twice a week. Members may also order almost any commodity not carried in the store, such as meat, dairy products etc. There is a minimum charge for delivery which is not actually an extra fee, but is taken out of the member's semi-annual dividend in proportion to his use of this service. For 1937, after all expenses and surpluses had been deducted, there was about \$100 available for distribution. This amount was accumulated in spite of the fact that during half the year business was carried on without any saving, or at a slight loss.

Pacific Cooperative Services are expanding in a number of directions. One Oakland store is now carrying a line of "Tripod" cooperatively manufactured women's clothes. A gas station in Oakland is a fair sized business, and another in Berkeley is about to be opened. The stores in this area and as far away as Sacramento, formed a wholesale with a depot in the market district of Oakland. Because of

inefficient management and over extension of credit, this enterprise has been recently reorganized on a better basis, so that it will now be of greater service to its member societies.

The situation in Berkeley is typical in many ways. There have been cooperative ventures before, but these were not always based on the Rochdale principles and for this or other reasons failed. One group started a large-scale store on a basis of about 1,000 members of whom about 700 were paid up members. The proposition looked good until the leading promoters discovered that a large proportion of the members were not actively supporting their store by using it. The present venture is not nearly so spectacular, but it has had steady and consistent growth in both membership and sales. A little more than a year old since its incorporation, it will soon be strong enough to pay its manager on a full time basis as well as some part time help. The tendency of the society to branch out into other fields is also typical.¹¹

Gas and Oil Stations

Besides the distributive store, another very important phase of consumer cooperation is found in the line of gas and oil products. In handling petroleum products the cooperatives in the United States have made notable progress. The societies have recently become so large and powerful that the following statement was made in a publication of the profit oil industry " Unless we can learn to compete successfully with these cooperatives, they are destined to become the oil distributing business of this country."¹²

Farmers in the middle west had tried organizing producer's cooperatives in order to get better prices for their produce, but they soon realized that they had little to gain unless they could combine their purchasing power also. Groups got together in order to buy their

gas and oil supplies at a lower rate. Small consumer owned stations began to spring up from Oklahoma to Minnesota. Soon they met opposition by oil companies who undercut prices, counting on the larger sales in the city stations to pay for farm distribution until the cooperators had closed down. The farmers reversed the procedure and opened Co-op stations in the towns. The story continues as in other fields. In Minneapolis the cooperative oil business ranks second in the city. Co-operators are not always underprivileged people either. "Out in Madison, Wisconsin, a gas and oil coop was started. It drew a large share of its membership from the faculty of the University of Wisconsin..... The coop was started in 1934. The first eight months of operation showed a turnover of \$18,000 in gas and oil. Then things began to happen."

"There was in Madison at that time an oil company with two stations and a bulk (oil blending) plant. The company had been operating both stations at a loss and was eager to get out from under. The cooperative society bought it out. It took the cooperators of Madison just two months to put both stations on a paying basis. Around the bulk plant they set up their own coal and fuel yard. During the first month of operation they sold themselves 400 tons of coal."

"In September of this year, just a year after it was begun, the cooperative business was turning over \$3000 a week. While this was going on another group was organizing a milk distributive cooperative. But it was all cooperation. Today the members of the gas and oil coop are joining the group that is supplying its own milk. Consumer Cooperation has definitely come to Madison to show that it works for any group, whatever its place in society."¹³

The story could be repeated for scores of communities. In this particular case it started with oil. But the general capacity for expansion, and growth, is typical of societies carefully conducted on Rochdale principles!

Whether it be groceries, or oil, or any other commodity, a live cooperative society is always watching for the opportunity to include other phases of the business. As yet cooperators do not own their own oil fields, but they have gone into all other phases of the business, even to operating their own refineries, which, incidentally, produce oils and gasoline as good or better than that of their profiteering competitors. Accessories are regularly carried by co-op gas stations and a factory is now turning out co-op tires, made to co-op specifications.

It may be well to look a little further into the producing activities of consumer's cooperatives. A chief aim of cooperation is to insure full value in the goods distributed. One of the social activities of a new consumer's group is the "Tasting Party". Brands of foodstuffs and other goods are carried because of quality first, and low cost second. These brands are bought from wholesale companies. As the demand increases and the amount of goods handled grows, the group can go over the head of the private wholesale, either directly or through their own wholesale, and deal with the manufacturer. Usually choosing the smaller independent concerns, the co-op can have goods manufactured to its own particular order and can put their co-op label on it. As the business continues to grow, the co-op may someday find itself taking all that a single factory manufactures. The consumers are then in a position to buy out the factory, which is exactly what is happening in the case of the co-op tires mentioned above.

There is a very interesting phenomena which frequently occurs when cooperatives clash with the existing economic order. It seems that the cooperative answer to pointed and organized opposition is usually expansion and growth. The old dog-eat-dog methods of eliminating competition simply will not work against cooperatives. Farmers in Minnesota had formed small filling stations to save the difference between the price at the tank car and at the private stations. The leading oil company in the region decided to cut prices until the cooperative went out of business. When the private stations were finally selling below the tank car price, the farmers met and decided that since lowered prices were their object, they would close temporarily and buy from the Company, which they did. When the price was raised the farmers re-opened their station with their patronage intact. What could the oil company do? It decided to shut off supplies from the scattered stations. There was nothing for the farmers to do but get together and form a wholesale, and through thus pooling their purchases buy quantity lots directly from the producer. In 1935 with 134 retail member societies this wholesale did a business of \$968,000.¹⁴

To illustrate further we may turn to a small cooperative oil wholesale in Kansas which was buying its oil from a private concern which had just opened a new \$250,000 oil blending plant. In 1929 this plant refused to sell oil to the Co-op, because its small volume was not worth bothering with. The cooperators had no alternative but to set up their own little oil-blending plant. Co-op brand oil appeared on the market, and incidently an additional saving was returned to the consumer.

"In September, 1935, this cooperative wholesale, now the Consumer's Cooperative Association, moved into the plant of the firm which, six years before, had scorned its business. Ironically enough C.C.A. had bought the plant at a bankruptcy sale after the oil company had gone into the hands of receivers."¹⁵

Doubtless there are many cooperatives which have been closed up by opposition, but consumer cooperation has the unique advantage that it does not have to fight ordinary business on the same grounds. It fights as consumer against capital, not capital against capital. It is the service motive against the profit motive and capital can compete only by delivering goods and services at prices which represent their true value. Thus the only hope for a victory of capital would be on grounds not of profit, but of superior efficiency, in giving equal or better value.

Housing

The story of cooperative housing provides another thrilling chapter in the description of consumer expression. Consumers soon awaken to the fact that next to the grocery bill, the rent is usually the largest item in a family budget, and the question comes, - How much do I get for the rent I pay, can I pay less for it, or get more for the same amount? A little figuring with pencil and paper will show the average tenant that he pays enough rent to buy his house or apartment in ten, twelve or fourteen years. In New York City over 90% of the population lives in houses belonging to someone else.¹⁶ In the whole state only about 40% own their homes.¹⁷ Surely there is something that can be done and a lot of money saved somehow.

There are two kinds of cooperative houses. Some are a result of the extended activities of some cooperative society already functioning, such as the consumer society of Hamburg, Germany, which has 130,000 members, 275 retail stores, shops and factories, and over forty blocks of houses with 1200 dwellings. Out in the suburbs are other single dwellings. This housing development is a natural outgrowth of the consumer's society and is financed on the surplus savings of the trading stores etc. of the society. The sound assumption is that anyone who can afford to pay rent can afford to own his home. Some of these homes "rent" for as little as one fifteenth of a worker's salary whereas workers in similar occupations in this country often pay as much as one third of their income for rent. More than that, these cooperative dwellings are far more modern and attractive than working class homes here.

The second kind of cooperative housing is the society organized for the special purpose of better housing. The procedure of a housing society should be about as follows. Land and materials should be purchased as economically as possible since these high costs may continuously burden the society. Capital should be borrowed on long term paper, twenty years if possible. Money is obtained by mortgage, bond issues, stock issues or municipal loans, but the property must be owned by the society in which the members have shares. If a member withdraws, the society buys back his share. The Rochdale principles are observed except that the surplus is usually retained by the society. Members get stock certificates and a lease usually for periods of 99 or

999 years. Thus a member becomes in a very real sense the owner of his home and may take pride in it.

Organization is the same as in other cooperatives - an elected board of managers handling the business. Monthly charges (not "rent") are collected to pay up interest, taxes, insurance etc. and to liquidate the loan. These monthly charges decrease as the interest and the principle are reduced. Various by-laws are important and interesting. A member may not sublet his home for profit, since this practice would soon break up a group. Insurance for each member which will cover his monthly charges for a year if he is sick or dies, are of benefit both to the member and to the society. There should be rules to govern the disbanding of a society, if this becomes necessary. A New York society recently went through this experience because, when their property increased greatly in value they could not resist the chance to take advantage of the profits which were offered.

There should be special committees and duties which would include all the members. "The following committees are found at work in different societies: social activities, drama and entertainment, education, gardening, play grounds, stores and bakery, central kitchens and restaurant, laundry, refrigerating plant, garage, nursery and dispensary, and servants. Joint arrangements may be made for part time services of maids, cleaners, seamstresses, nurses, kindergarten teachers etc. When people begin to do things together there is no end of things they can learn to do."

"The social and educational committees play an important part.

They hold meetings and provide lectures, debates and classes, and carry on activities to keep alive the feeling of cooperation."¹⁸

Sweden leads the world in cooperative housing with 15% of its population living in new and comfortable homes and apartments.

"Cooperative housing in the United States is confined pretty largely to New York City. The largest is that of the United Worker's Cooperative Association with two entire blocks of houses accomodating over 700 families. The next largest is that of the Amalgamated Clothing Workers, which provides quarters for 303 families."¹⁹ The clothing workers pay about the same rent for their cheerful new apartments as they had been paying for their old slum quarters. All in all it may be said that the working class might find it possible to raise their standard of living through careful spending, in cooperative housing and stores, better than through desperate wage battles, though of course these too are often necessary.

Producer

Producers cooperatives are another interesting phase of the movement. They are the results of workmen's efforts to raise themselves to a position of slightly more dignity than that of a mere cog in a machine. "The social justification for cooperative production and the growing trend toward industrial democracy is that the man who invests his life and his labor in an industry takes a greater social risk and should have a greater voice in it than the man who merely invests his money..... The capitalist never risks poverty and starvation by placing his entire fortune in one industry. The worker, on the other

hand, invests all that he has in an industry when he ties himself down to its routine."²⁰

Recently, in Los Angeles, a small manufacturer with only a few thousand invested found himself so harrassed by strikes that he finally threw up his hands and turned over the plant to his workers. This plant is now operated by and for the workers who have given their former owner the position of sales manager. The profits are distributed among the employees.

There are a few isolated instances of such an arrangement in the United States but generally they have failed to function properly. The essential features of producers cooperation are (1) that each group of workers is to be associated by their own free choice; (2) that these associates shall work under a leader elected and removable by themselves; (3) and that the collective remuneration of labor performed by the group shall be divided among all its members (including the leader) in such a manner as shall be arranged upon principles recognized as equitable by the group itself.²¹ There is democracy in the industry since the workers own the stock. But unless there is a fixed rate of earnings on the stock and the remaining profits turned over to the consumer, these are really more capitalistic than cooperative. The dominant worker in industry, as in the labor movement, may exploit the consumer in the same way that the industrialist does.

Mr. Ely suggests that the reason for failure is that this "cooperative form of industrial organization is too unwieldy, too slow, and too mechanical. Multitudinous management means relatively uncertain,

undecisive and inefficient management."²² For these reasons, they cannot compete in efficiency, mobility and adaptability which comes from the usual one-man form of management.

Farmer's producing and marketing societies have been more successful. "In 1929 over two and one-half billion dollars worth of production was handled through such cooperatives."²³ The formation of these societies is simple. A group of farmers, who seek to obtain some control over the price which they shall receive for their produce, and who want to save for themselves the profits of middlemen, organize into a mutually supporting society to pool their bargaining power. Actually these farmer's societies are more like a labor union than a co-operative society because their main objective is merely increased and assured remuneration for labor or products. Their organization differs little from democratically managed stock companies of the usual type. Through their fruit associations and grain elevator cooperatives, they bargain collectively with railroads, commission houses and middlemen. Ely says " They have done little and promise to do little in solving the labor problem or in essentially improving the distribution of wealth."²⁴

It should be re-emphasized that these are not true or successful cooperatives unless they are based on consumer needs, and work in cooperation with the consumer distributive stores.

Workers can, however, build an organization based on the consumer. "When Minneapolis milk dealers locked out their drivers after the men in one plant had gone on strike, the drivers began to consider the possibility of opening their own creamery. After a second lockout in 1920, it was decided to start such an organization on a consumer basis."

The Franklin Cooperative Creamery Association formed and began to do business.

From 1920 Franklin continued to pile up gains in the face of united opposition of the profit dealers, and with the continued growth of Franklin the standard of milk in Minneapolis rose. The consumer began to get pure milk at a reasonable price. Today, one-third of the milk supply of Minneapolis is distributed by this consumer cooperative."²⁵

Other interesting notes on consumer milk distribution are that the dairy man gets more for his milk, the spread between dairy-men and consumer in Finland, for instance, is about one cent.²⁶ At Maynard and Fitchburg, Mass., farmers were getting paid more and consumers were paying less for milk than was prescribed by the milk code which private companies had already called ruinous! These companies complained that the quality of the cooperative milk was too high. Investigation by the code authorities found this to be true. The milk was too good for the price.²⁷

"The most striking example (of producer cooperation) in the United States is the Delta Cooperative Farm in Mississippi; an experimental project set up recently by Sherwood Eddy. Here thirty families who used to be sharecroppers, live together on a 2000 acre farm and work together cultivating the land. At the end of the first year the venture showed a net profit of more than \$9500 which was then divided equally among the thirty families."²⁸ This is real producers cooperation.

It is remarkable to note in this connection, that farm tenancy in this country is on the increase and has reached a point where today

42% of our farmers do not own their farms. Strangely, this is the exact proportion of tenant farmers in Denmark when the cooperative movement first took hold of that country more than five decades ago, and where it is now practically zero.²⁹ Perhaps this sharecropper experiment will be the start of a decreased trend in tenancy in our country.

Housing - Producer - Consumer Cooperation Combined

Summarizing these three types of cooperation we may look at the government experiment in New Jersey, near Hightstown, where all three expressions, consumers, producers and housing cooperatives are being carried on by the same group of families. These three phases combined, it is hoped, will make for a secure economic livelihood for the families.

The Federal government sponsored the beginning, that is, it provided longtime loans at 3% and built the homes and the attractive new plant. The members of the community buy their homes, which are modern five room houses with all the latest appliances, for \$18 a month. The members were selected from thousands of applicants for their adaptability to community cooperation. Each member must buy a \$500 share in the project and sign a contract to purchase his home from the government. The most important phase of the new community life is that it owns and runs its cooperative factory and cooperative farm. The cooperative grocery completes the cycle.

The community is completely independent and self-supporting and is one of this country's few producer-consumer cooperatives in which the same people take part in both phases.

The community elects its board of directors of the plant (a women's clothing factory - since the members were mainly selected from among eastern garment workers), and these directors employ a managerial staff. The workers are paid top union wages, but there are no profits to share since the garments are made at cost! This is the crux of the matter. Since the manufacture of garments is largely piece work, the actual cost of the garment may be determined quite accurately. The price of material is added, a percentage for overhead and a fixed but moderate interest on capital. Then $33\frac{1}{2}\%$ is added to the factory price tag for the selling price or retail mark-up. Part of this mark-up goes to the truck salesmen, who deliver the garments to consumer cooperative stores only, all over the country; part to the cooperative store for operating expenses; and the rest is returned to the purchasers of the garment as a patronage refund or savings return. Thus the profit is eliminated all along the line. If the clothes were sold through ordinary channels the whole purpose of the plan would be defeated as we have suggested before.

Incidentally, the label on each garment bears a statement of the quality of goods, percentage of wool and shrinkage, degree to which it is fadeproof and kind of fur. Tests of quality are made by the Consumer's Union, an independent consumer-owned research organization. This experiment seeks "to create a technique by which consumers have some control over quality and price while the workers have control over the technical process of manufacturing."³⁰

The community is anxious to take over completely from the government, the management of their own affairs, and to build their own store and recreation hall. They are also anxious to expand the

membership and branch out into other lines of manufacture. There has been much criticism of the experiment. It is definitely recognized that if the houses had been cooperatively build, they would have been both cheaper and better. There has been much dissatisfaction because of an immense amount of government red tape costing much in lost time. However, "if this experiment succeeds it means that the cooperative movement will grow much more rapidly because there is organized pressure at the producing end as well as on the consumer side."³¹

Credit and Insurance

A very important and often unrecognized field of cooperation is that of credit and insurance. Why cooperate in this field? Cooperation aims always at the root of things and ultimately proposes to revolutionize society in an evolutionary manner. The banking business dominates the world economic scene. Industry cannot function without credit, nor can distribution take place. Thus the banker has the first (or last) word about whether wheel shall turn, and men buy and sell goods and services, whether there shall be peace or war (for no war could be engaged in without credit or loans). A large part of a man's relations with his fellow are money relations including those between owner and employee, between farmer and grover, and between citizen and government. The more money a man controls, the greater his power.

But workingmen have little or no credit. Usually their wages are spent as fast as they are earned and none stays in their pockets. Of the money which passes through bankers hands, there is always a little

that sticks to their fingers, figuratively speaking. How can the working man retain some of this golden stream which slides so easily through his hands? If the worker must borrow money he is eagerly invited by loan sharks to do so. The more desperate the worker's need, the higher interest rates the loan shark can extort. In some cases, interest in hundreds of percent is paid on the loan. Many states have laws, however, which limit interest on small loans to 35% and 42%.^{32.}

The Cooperative Bank then, is a place where 1,000 poor men may each deposit a dollar in order to have the credit standing of one rich man with \$1000.

The first direct moves into cooperative credit were made by a Prussian, Judge Herman Schulze-Delitzsch, and a Prussian burgomaster, Fredrick William Henry Raiffeisen, who saw the desperate need of the lower classes following the Napoleonic wars. Though they started in different ways, they arrived at similar self-help principles. "To.... Raiffeisen, credit was a commodity, just a potatoes and sugar are commodities. Therefore he should be able to buy credit just as economically as any other commodity."³³

The Raiffeisen Banks as they have developed, are more popular and are based on the sound principle that anyone may become a member and borrow money, whose character is vouchsafed for by his neighbors and associates. Raiffeisen banks have become very popular in northern Europe and also in Southern Asia and Australia. They played a large part in freeing Danish and Swedish farmers from tenancy.

In the United States they were introduced by Edward A. Filene and Ray F. Bergengren, and with the passage of many state credit union

laws, there was formed a national federation of Credit Unions. War-
basse lists the following characteristics of credit unions: (1) mem-
bership is open to persons having a community of interest with the
groups; (2) low membership fees, low priced shares, and instalment
payments for some; (3) democracy of control; (4) loans only to mem-
bers; (5) loans to officers only under exceptional circumstances;
(6) loans only for productive purposes and urgent needs; (7) interest
charge of not more than 1% per month; (8) loans made on character, not
collateral; (9) dividends paid to fully paid shares of stock.³⁴

These banks are outstanding because they have no losses.
That is, the losses are so small a fraction of 1% that they are easily
taken care of by reserves, and during the depression not a single Credit
Union failed.

"The typical Credit Union begins as did the one in the New
England Tel and Tel Co. Seventeen years ago this Credit Union was or-
ganized with an original capital of \$20. In 1934 the eight Credit Un-
ions within the company made loans of over one and a half million dol-
lars..... Charges made on loans go back to the workers as interest
on their money in the bank."³⁵

Recently, a new development has been taking place. Consumer
Cooperatives and Wholesales have been including banking in their ac-
tivities. This combining of services is an advantage to both the or-
ganization and the members. "The Cooperative Wholesale Bank is the
financial bulwark of the English Cooperative Movement. With resources
of over \$400,000,000, it stands as the central custodian of working-class
funds."³⁶

There is a growing demand in this country for a central bank since there are a number of large, strong Unions with more deposits than they need, which might well be put to work backing new Unions which cannot meet the demands for loans. Credit Unions have one big handicap. They have not yet received checking privileges, so that all business must be cash. Nevertheless, there are over 5,000 Credit Unions in this country with more than 1,000,000 members.³⁷

Closely allied to credit is the insurance business, which, after all, is basically a cooperative enterprise, since a group of people agree to share the burdens of individual misfortune. But as in so many other things the people have allowed the control of these enterprises to pass into the hands of the few who used the funds largely in building the public utility empires. Their interests became basically opposed to the interests of the people. The mutual companies remained partly cooperative in that they returned part of the profit as premium rebates - but in other respects; proxy voting, privately owned stock, they are just the same as ordinary companies. Actually this country is an insurance desert which the stock companies sparsely sprinkle, huge though they are. Life insurance, sickness and accident, old age, unemployment, funeral, auto, all kinds of property hazard, all are forms of insurance which the great majority of the people who need them so badly, know little of and can hardly afford.³⁸

The farmers of Ohio had formed a credit association but they felt they would have an added advantage if they could back it in the field of insurance. So they started an experiment in Auto Liability coverage. Today the Farm Bureau Mutual Automobile Insurance Company

has headquarters in Columbus, Ohio. It has assets of \$4,000,000, a cash surplus of \$550,000 and 160,000 members.³⁹

A Minnesota Burial association has cut costs ranging from \$500 to \$700 down to \$212 per funeral.⁴⁰ In Elk City, Oklahoma, a pioneering doctor has put a community of 7,000 on a cooperative health basis. Members pay \$25 a year per family of four for complete health service. Operations (in their own hospital) cost from \$8 to \$18, and \$3.50 for anesthetics. Few other communities in America can match this service.⁴¹ Many other small health insurance groups are forming with this as an excellent example of what can be achieved.

Self-Help Cooperatives

"Self-help cooperation" is a development peculiar to America. Unemployed workmen get together and make things for their own consumption. "They produce fruits and vegetables, shoes, clothing, bedding, lumber, canned foods and many other commodities. In the presence of the obvious permanency of unemployment, they are creating permanent organizations and moving toward federation, auditing control, and education. All this is in preference to accepting charity."⁴² Recently the government (FERA) has given assistance to these cooperatives. "Up until August 1934, a total of more than one million had been granted to 147 self-help cooperatives with an active membership of about 20,000 (80,000 including dependents)..... For every dollar of the government's money spent, the reports show that the cooperatives gave their members anywhere from 42¢ to \$13.10 worth of goods and service - \$2.25 on the average."⁴³ Most of the government money was spent on machinery and equipment.

Due to lack of space we cannot go further in describing this most interesting and unique form of cooperation. However, a most vivid

description of the problems and achievements of this type of cooperation will be found in Upton Sinclair's novel "The Co-Op".

Summary

This review of cooperative expression has been far from exhaustive. It is intended to be only indicative of the fact that even in this country, cooperation may include almost every phase of social-economic life. There are opportunities within cooperation which can absorb the total capacities of almost anyone, really putting to work the talents of bright and dumb, artists and mechanics, dishwashers and executives. Herbert Hoover's commission on waste in industry estimates⁴⁴ that American industry is only about 20% efficient. This does not include the latent productive capacity of workers. Surely, America is begging for a shift in our present downhill economic trend. Perhaps cooperation can lead the way in a better direction, toward service.

Chapter III

Changing the Social Order

In evaluating the worth of the Cooperative Movement, it is very important to examine its methods in regard to changing the present economic order. We have previously stated that Communism fails to measure up to our Christian criteria because of its means of changing the status-quo - the method of violence. Another reason for its failure is that the system is based on the destruction of one part of Society, a part that misuses its power, true, but nevertheless a necessary part of the whole if only its motivation could be changed. The "Dictatorship of the proletariat" exalts a different class but does not abolish class-consciousness, nor ultimately, class conflict. In this connection Kagawa says "Therefore if we would realize true happiness and a classless society, we must base our economic revolution on the whole of Society instead of on any one segment of it."⁴⁵

It has been shown that the social objectives in view do not justify the means, if those means in themselves destroy values essential to the goal worked for. Does Cooperation, then, we may ask, destroy essential values in its transition from present individualistic, selfish, capitalism, to the collective action of unselfish cooperation. As far as we can see, the answer is No. In fact, it is one of the prime virtues of cooperation, that it can and does work peaceably in the present social order while developing something radically different for the future. In this connection we might mention that cooperation is fundamentally radical and revolutionary. Its basic motives and methods are the direct antithesis of those of the present order. This can be illustrated by the following quotation from the inaugural address by M. Llewellyn Davies before

the 54th Congress of British Cooperative Union in 1922, of which she was president "..... These two ideas, democratic control of industry and the abolition of profit-making, mark out cooperation as nothing less than a revolution, so fundamental, vital and transforming is the change it is effecting in the economic structure of Society. It is obvious that cooperation is far more than a reformist movement. We are working for no patchwork modification, for no 'reconciliation of capital and labor;' for no 'infusion of a better spirit' into old industrial forms. We are laying the foundations of a new industrial civilization..... Cooperation is surely subversive enough for the violent revolutionary, orderly enough for the pacifist reformer. It holds the glamour of future possibilities for the idealist, while at the same time the most practical materialist could not reasonably be dissatisfied when he notes what has already been accomplished.⁴⁶

Dr. Warbasse, in whose book this address is quoted goes on to state: "The ideal prevails that advocating the destruction of the capitalist system is radical. This is not the Cooperative idea. Cooperation is not set up to destroy anything. It starts where things are not done well, where needs are not supplied, or where profit business is failing..... Cooperation is constructive radicalism -- like the oaks which send their roots into the empty soil of the barren plain and build an oaken grove where none had been before..... The present notion that radicalism means violence, cataclysm and a general upset of existing conditions is refuted by the Cooperative Movement..... Most of what the world acclaims as radical, in the light of events, is highly reactionary. It moves in a circle back to the condition it aimed to supplant.

"In Cooperation, the root of things is changed by processes which are evolutionary and hence, slow..... Cooperation ~~is~~ never found taking destructive steps to attain a good end. It makes use of constructive measures. The test of radicalism is not in the amount of noise and chaos, but rather in the substantial quality of the changes⁴⁷ is accomplished."

From these two quotations it can readily be seen that the word "radical" is used in its real sense -- to get to the root of things. It does not imply the commonly conceived connotation of complete destruction of all that has been built in the past. Madame Davies states the situation exactly when she refers to "laying the foundations". To lay the foundations is to build on present ground, not to destroy existing ground and try to make a completely new start.

This point cannot be stressed too much. It is the very essence of the methods which cooperation uses to change the status-quo. It is the reason that the new social order, built on diametrically opposite motives, can exist, develop and grow without violent conflict, within the capitalistic system. Cooperation is not interested, like labor, in fighting those in control in order that the same gains may be enjoyed by the now depressed classes. Nor is it interested in making superficial changes at the top. The method of government legislation is to set up a Utopia such as political socialism or the Communist system as in Russia. Cooperation is more than willing to work with these movements, as shall be shown later, but it realizes that there will be no lasting or widespread good accomplished, unless the very methods and motives of the people themselves are changed toward the idea of collective

action for common benefit. Cooperation begins at the bottom and works slowly, expanding no further in its outward manifestations than the understanding of its ultimate aims and the backing of the people warrant. At the same time it does not remotely touch any capital that has already been accumulated, nor distress any individual capitalist, as the proposals of political or materialistic socialism do.

Now, to be specific, just how does the Cooperative Movement go about changing the motives and methods of society? What are the instruments of this change? We have seen that it is peaceful, that it is relatively slow, and that it does change Society, or the portion of it with which it comes in contact.

Education

First, and perhaps most important, is the instrument of education. Throughout the whole movement, education has played the most striking part in a peaceful and successful change of motives and methods of society. This is very well demonstrated in the Folk High Schools in Denmark. Without the changes wrought in the education of the average man it is doubtful if any of the revolutionary changes of Denmark would have come about. Bishop Brundtvig found that Danish culture was neglected in the schools and he protested vigorously, also, against the privileged character of education - "an education designed for the leisure⁴⁸ classes." There was a high degree of illiteracy at the end of the 19th century. Many of the Danish farmers were leaving the land and drifting hopelessly in cities or emigrating. Something had to be done to educate the farmer, and Bishop Gruntvig had an idea how to go about it. Back of his passion for a new type of school, one that would involve the whole of life, was his passion to see the peasant educated. Therefore,

he set out to agitate for the Folk School, aimed primarily at inspiring the peasant class.

These schools, which grew out of his inspiration, are not for children but adults and are arranged to suit the seasonal occupations of its students. It attempts to encourage the people to see and think for themselves and to teach the young men and women to wish to know. "The function of the teacher is to evoke, stimulate, and guide their thought, not to instill his knowledge into his pupils. He aims rather at equipping them as men and citizens to play an intelligent and patriotic part in their daily life."⁴⁹ As a result, there is absolute freedom of discussion, no academic standards and the students are trained to think for themselves on all topics which concern life. It gives a broad liberal education, besides giving opportunities for the farmers to perfect themselves in their occupations. Farming has become a fine art. As a result, in approximately fifty years time, there has developed in Denmark a highly alert, educated class working in the rural areas, and there is practically no illiteracy at all in the country.

The Folk Schools create the leaders of the country in all fields. They have been described as the "hotbed of the Cooperative Movement" and most of the leaders have been trained in cooperation as a philosophy of life. In Denmark, education and cooperation are so inseparable that it is difficult to say which came first or where one leaves off and the next begins. It is clear that without one the other would not exist and vice versa.

Education and cooperation go hand in hand everywhere. Each store of cooperative organization has its educational committee which

arranges study groups and gets out educational material frequently. Often a group will have studied the principles of cooperation for more than a year before organizing a store. This is very essential to the Movement.

In the United States, there is the Cooperative League, headed by Dr. Warbasse, which distributes pamphlets, books, articles, etc. covering all phases of the movement. Its aim is coordination of activities and to make available all kinds of materials for the use of Cooperators and potential cooperators. It has several men on its staff who travel over the country giving assistance and advice to various cooperatives and lecturing on Cooperation. Another educational agency is found in the Cooperative Schools that have been organized in many countries. Here general courses in cooperation are given as well as specific training for managers and employees of Cooperatives. One of these is in Des Moines, Iowa, another has just been started in New York. The first Cooperative College in the United States opened in Kansas City in the fall of 1936.

Another form of education is summer tours taken by students and others to visit various cooperatives. One such tour made an extensive study of cooperation in Nova Scotia in the fall of 1937. Nova Scotia has developed education and cooperation very much as in Denmark. Certain educators in St. Francis Xavier University realized the futility of the type of education they were giving and set out to teach a social education. Therefore, they taught cooperation to the people as a philosophy of life. Out of their education has come a strong Cooperative Movement in Nova Scotia. Because they took the long,

slow way of education, "the movement there is grounded deeply in the consciousness of the people. It will take more than a series of competitive shocks to overthrow what these people have set up."⁵¹

In the United States educators are waking up to the advantages of cooperation. The State of Wisconsin enacted a law recently requiring the teaching of consumer cooperation in most of its schools and all teachers of economics are required to be informed on the subject. Thus education is stimulating cooperation in the United States.

Religion

Religion also has been a factor in making for peaceful change. This is because religion is devotion to the cause of humanity and because it teaches that every individual is of infinite worth. Mr. Howe says in this connection, "Fundamental changes in any country must have a religious quality. The people must be awakened to a passion for some common objective. This is true of Soviet Russia; it is true of Fascist Italy and Nazi Germany. Nations like individuals, must be reborn to abandon old traditions and old prejudices."⁵²

Kagawa very definitely takes this viewpoint when he says that an economic revolution "must be accomplished by a change in man's consciousness. That is, there must take place a fundamental revolution of ideas concerning wealth, and professions in their relations to property rights, inheritance, and rights of contract. Only as a revolution of these conceptions is based on religious consciousness, can economic revolution be completely realized."⁵³

What part, then, has organized religion played in helping cooperatives bring a better social order? Church groups find little

to object to in cooperation and generally indorse it. The Methodists particularly have been active in sponsoring study groups and getting buying clubs organized. Young people's church societies, men's and women's clubs have found in cooperation a social-economic field to which they can give their enthusiastic support. However, cooperatives take much more of a church member's time than his money, which is contrary to the general rule for most church activities. Cooperatives do not ask for charity.

Some churches are not too absorbed with doctrine, ecclesiasticism, and personal salvation, to study and attempt to practice the basic principles of Jesus, sketched in the Gospels, of love, service, and sacrifice, - regardless of money and things, power, and superiority. For the members of these churches there is often a sharp feeling of futility and hopelessness as they face the present economic order. To many of these people the cooperative movement comes as an undisguised blessing, for through it they can direct their efforts to improve the social order. These people quickly see that cooperation is true to the basic Christian concept of the supreme value of each human personality. Though most of them feel tied to the conventional ways of life, some give full time to the cooperative field, while many take up cooperation as a thrilling avocation. Thus the church which today is fostering a new and powerful social idealism, may and does find cooperation a suitable channel for expression whose possibilities furnish an outlet which can absorb all the social energy which the Church awakens. Church people can see in cooperation a path leading toward "the Kingdom of God on earth."

Unfortunately, many churches in the United States, and presumably elsewhere, do not take any active interest in cooperatives, and so their members are unaware of the possibilities in this line. This is a great loss, for in the real Christian church-people, are to be found the ideals and spirit of service that would contribute greatly to the cooperative movement, as well as a satisfying experience for the participant.

Some clergymen in America have found, however, that the flowery idealism of cooperation must be matched by hard, steady, patient and painstaking work in the cooperative field. They feel that it is up to them personally to prove cooperation, as a method of change and progress which will work, before they can preach about the evils of the existing social order. This procedure has been suggested in a general way in an earlier chapter.⁵⁴

Strangely enough, cooperation in Scandinavia has won its notable place without the help of the church.⁵⁵ Scandinavian churches seem to be formalized places of retreat from life - left over from another age. The people of these countries are now searching for a new religion, one which will be partly the articulate voice of cooperation and partly a challenge more powerful than the challenge of the neo-paganism of neighboring countries.

In Nova Scotia, which is most like the Scandinavian countries, there is this difference; that the priests and ministers are the leading supporters behind the movement. The people take up cooperation easily but they would have little success without the steady assistance and energetic backing of the clergy.⁵⁶

Cooperation, however, is a splendid way of concrete expression for a vigorous social religion whether connected with organized religion or not, but cooperation in turn needs just as much the spiritual sanctions and power of religion.

Democracy

Education and religion, then have a great deal to do with the successful change of the social order through cooperation. Another reason for the fact that cooperation can work so successfully in the present system, particularly in certain countries, is because it puts into practice in the economic world the methods and principles which have been established as ideal in the political world. In other words, Cooperation is founded upon economic democracy, which is necessary for a true and successful political democracy. This has only recently been recognized. George Russell says of democracy "It may be said the history of democracies is not one to fill us with confidence, but the truth is, the world has yet to see the democratic State, and of the yet untried, we may think with hope."⁵⁷

To a person who has once "seen the light" it is incomprehensible how the same people who have fought so long and talked so loudly about political democracy, have not seen that the economic system within the democratic state, has very little if any, of the elements of democracy in it. It follows that political democracy can not be completely successful unless the people have been trained in democratic methods in all phases of life. "Politics usually is remote from the lives of the people, the government is away off somewhere; the people think of it

as foreign to them; it is surely remote from their daily problems of bread and butter and the crying baby. The politicians make the people think that political affairs are the vital matters. But the people are absorbed with the real problem of making the family wage pay the rent and buy shoes and potatoes. The economic life is closer..... The political voting which comes once a year is wholly predicated upon the results of economic elections daily taking place"⁵⁸

In the times before political democracy, the royal family and an aristocratic class controlled the state. Those who had the most money very definitely controlled the policies of the nation, irrespective of the fact that they were in the minority. There were definite restrictions as to voting privileges. Even very late in the history of England, voting powers were granted in proportion to the amount of property held, and even in some of the southern states here, today, property is a voting requirement.⁵⁹ Just because they were rich, they did not necessarily have the intelligence or desire to run the state to serve the best ends of the majority. Eventually, one after another, the countries revolted and set up democracies in which a voice in the government was based not on the amount of property held, but on the principle of one man, one vote. This is fundamental to the democratic control of government. It has come to be such an accepted and important right of man, that great nations fought in the last war "To Save Democracy", and probably will raise the same battle cry in the next war.

Despite the fact that feudalism in government was overthrown, feudalism in economic life is still in power. A reconciliation of the

idea of one man, one vote in government with the common, accepted practice of one share, one vote, in business is impossible. If the second is held to be the true theory, then the man who pays the most taxes or contributes the most money to the government in the form of loans, should have more control than those who pay little or no taxes. The result would be the loss of political democracy. Conversely, if the democratic principle in government, of one vote to one man, is the best theory, then it should also be true in industry, and we would have economic democracy. Without economic democracy also, it is very difficult for money not to talk in the control of government as well as industry. Instead of "government of the people, by the people and for the people", it becomes government of the people, by the politicians, for the money interests. That is the condition in most democracies today, a partial political democracy and no economic democracy.

However, Cooperation is balancing the democratic budget by bringing democracy into the economic structure and also into all other phases of life. One man, one vote and no proxy voting sets the Movement squarely on its feet as taking the most definite stand ever made for the democratic principle. In a time when the validity of democracy is being questioned by great nations such as Russia, Italy and Germany, this is a very important contribution to the world.

This contribution has been excellently illustrated in Denmark. "Democracy in Denmark is far more than a form of government. It is a people, organized to use the government for the benefit of the people. It is economic rather than political democracy that distinguishes

this little state from the other countries of the world!"⁶⁰ It might be well to emphasize again in this connection, that this change in Denmark from a condition of economic collapse, virtual serfdom of the peasants and widespread illiteracy, was accomplished by practiced economic democracy through cooperation and education in approximately fifty years, or the lifetime of one generation.

"One abuse after another has been removed by legislation and cooperative action, while the production of wealth has been increased and retained by the producers until we have an incontestable exhibit of the fact that poverty, ignorance, insecurity, and fear can be ended in any state which really desires to end them."⁶¹

Chapter IV

Cooperation and the State

Turning from the democratic principle in industry, and the way cooperation changes the social order, we now look at cooperation in relation to the State.

Politics

In the first place, political neutrality is a cooperative principle. But this does not mean that members of the Cooperatives wash their hands of any connection with the government. On the contrary cooperators are more likely to be active in making use of their voting, and other political, powers for at least two reasons (1) they are educated to all that interests them as consumers, which naturally includes the government functions, (2) they have been trained in participating in the government of their own stores and other cooperative projects. As we have mentioned before, this practical training in democracy is very important.

In Denmark, where cooperation is perhaps shown at its best, the people as a whole take a most active part in politics. Howe says, "There are further facts about the political life of Denmark that are so different from other countries that it is difficult to define them. One is the intimacy of the people with politics. Political thought and action is going on all the time, almost as naturally as the day's work. The people are related to the government as though it belongs to them, is a part of them, something to be freely used by them. The relationship is not dissimilar from that within the Cooperative Movement."³²

In Denmark, the present government is in the hands of the Social Democrats. This is the largest party in the state, made up of a great many members of the cooperative groups as well as other progressives.

It is of a moderate evolutionary type, but cooperates with other radical groups in legislation and administration. The Cooperative Movement, even in Denmark where it is so large, is not politically connected with this group; every person in the movement is entitled to belong to whatever political party he desires. Yet this political party has much in common with the Cooperative Movement and its members are probably very much influenced by it.

The politically-minded everywhere suggest that the Cooperatives should ally themselves with various parties, or with existing governments. Sometimes this has been accomplished more or less by force. In Russia, Germany and Italy the governments have taken the cooperatives under its wing. The result in Russia was that their freedom was lost, membership was made compulsory and they were run as adjuncts to the State; government appointees took the place of elected representatives. Cooperation was destroyed.

The situation is similar in Germany and Italy. An institution founded upon the essential principles of democracy cannot exist under "state-control". Dr. Warbasse says "There is no such thing as state-administered cooperation. When people are compelled to join societies, they may serve the people, but they are not cooperative societies. Communism may succeed in Russia; Cooperation may succeed, but not both at the same time."⁶³

The English have varied from this general rule of making no alliances with political parties. There, the Cooperatives have formed a political party of their own and are making definite inroads on politics. The Cooperative Party in England has an affiliated membership

of five millions.⁶⁴ It is in close alliance with the Labor Party and its fortunes have fluctuated with it. It has a "basis of common Working" with the Labor Party but retains its political independence. In reply to an invitation to join and become an integral part of the National Council of Labor, the Cooperative Authority stated: "We feel it is not necessary for the cooperative movement to be affiliated to, and become a part of, the National Council of Labour as many of the matters considered by that Council are outside the interests of the cooperative movement as such. We are, however, willing and desirous of having means for consultation with the Executive Committee of the Labour Party in all matters affecting cooperative trade or on subjects in which our movement has especial interest."⁶⁵ Mr. Elliott, in whose book this is quoted, goes on to say, "The task of the Cooperative Party is two-fold: to make the mass of cooperators politically conscious, and to permeate the Labor Party with knowledge of Cooperative ideas and practice."⁶⁶

Along with many other features of the English Cooperative Movement, this venture into politics is open to question. Certainly, it has accomplished a great division in the ranks of the cooperative members.

In his book, "Cooperative Democracy", Dr. Warbasse suggests the best use of the cooperative movement in relation to politics, and that is largely educational. "A Cooperative Party is entirely consistent with cooperative principles, provided that the party does not engage in political action. There is a place for a non-political party. It would put up no candidates, it would endorse none, but it would spread information among its members as to how candidates stood on questions

affecting cooperation and the consumer's interests. Such a party would be a real factor affecting politics without being in politics. a non-political cooperative party would find its value to be in educational work, which would be carried on, especially at the times of the political agitation of the other parties."⁶⁷

Relation to Present Governments

Aside from direct action in politics, the relation of the Cooperative Movement to the State varies with different countries. "Governments, generally speaking have been indifferent, or unfriendly, many actually have antagonized cooperation."⁶⁸ We have already seen what has happened in Communist Russia and Fascist Germany and Italy. In Japan, which has definite fascist tendencies, the government started by being opposed to the movement, but is now supporting it. In Denmark, however, the government definitely promotes cooperation. "The Cooperative Movement is wholly voluntary. It receives little subsidy from the State, nor is it subject to regulation of any kind..... The State, however, cooperates with the societies and encourages agriculture in every possible way. Shipping rates on the railroads are very low. So low in fact, that there is an annual operating deficit. The government subsidizes the mail routes to England, which country is the farmer's best market. This is about as far as the government goes in its relation to the Cooperative Movement."⁶⁹

Cooperation and government work hand in hand, but in many instances things which are regulated and controlled by endless State bureaus in other countries are left to the Cooperatives to regulate. This

naturally cuts down the complexity of the government agencies. "And instead of governmental agencies, it seeks to destroy monopoly through competition by the cooperative movement, through State ownership in some fields, and more particularly through free trade or low tariffs which open up the markets of Denmark to the competition of the world."⁷⁰

In Denmark, railroads, radio, banking etc. are owned and controlled by the State and operated for the benefit of its people. Insurance and many other things are mostly run by the Cooperatives. Thus we can see that Denmark draws what seems to be natural lines between those things that can be done best by the State and those things that can best be done by individuals or by voluntary association, such as the cooperatives.

"In America there is indignant protest against 'regimentation' on the part of the State and a clamour that business be freed from governmental intrusion and competition. Here is a little country, certainly as democratic as our own, certainly as individualistic as any country in the world, and prizing its individualism as do few countries, yet it has carried control of private capitalism further than any country in the world unless it be Russia.... Wherever it is possible for individuals to act through voluntary associations this procedure is followed. Wherever voluntary cooperation is impossible and a responsible control of an industry is necessary it is in the hands of the State. Thus comparatively little is left to private capitalism in the major activities in the country and that little is watchfully controlled by the State or by the Cooperative Societies..... Decade by decade, democracy is enveloping private capitalism and transferring it either to Cooperative Societies or to the State."⁷¹

Sweden, on the other hand, is only half cooperative and still half-capitalistic. It takes the "Middle Way"⁷² Therefore, we would expect to find more State control of industry, and that is the case. Sweden has a unique combination of private capitalist industries run in cooperation with the State, as well as State industries run in competition with private industry. However, the cooperatives have taken complete charge of many phases of economic life. It is interesting to note that Sweden does not have a single anti-trust law. Monopoly has been controlled by the cooperatives. The cooperatives in Sweden do not have as much influence on the State as in Denmark but work in cooperation with a great deal of government ownership.

Cooperation in France was greatly handicapped by the opposition of the Socialist Party before the War. Since that time, with opposition withdrawn, it has had a chance to grow. In Great Britain the government had been indifferent to cooperation until the World War. At that time, the cooperatives kept food prices down and showed that commodities could be produced and distributed for less than the prices fixed by the Food Controller. This brought tremendous opposition from all sides and pressure was brought to bear on the government by profit-making industries. The result was espionage, insults and many intolerable discriminations.⁷³

In the United States the ~~Movement~~ has not become big enough to attract much attention from the government. Yet we find such progressive people as Henry A. Wallace, Secretary of Agriculture, advocating cooperation in his book "Whose Constitution." He calls it "the dominant economic idea of the future, and says, "In the economic world it is

inevitable that more and more emphasis is going to be laid on the idea of co-operation as distinguished from free competition. The only way in which democracy can survive the logical onslaught of the dictator-state aspect of Communism and Fascism is to develop the genuine cooperative ideal to the limit."⁷⁴

Many of the recent Agriculture Acts have incorporated cooperative ideas and principles and aided in the forming of cooperatives. Much recent legislation, has, in fact, been cooperative, such as the Rural Electrification Act, the Tennessee Valley Authority and others. The legislation protecting the Credit Unions has aided Cooperation a very great deal. The government has actually gone into cooperative projects, one of which is the Jersey Homestead in New Jersey.

Relation to Future Government

We have yet to discuss what cooperation may do to Government in the future. This is, of course, highly problematical, but there are certain trends which give indications for the future. Some people interested in the Cooperative Movement have developed very detailed theoretical plans for cooperative commonwealths. Kagawa, in his book "Brotherhood Economics" has outlined such a government. At the present time it sounds rather Utopian. George Russell, Dr. Warbasse and many others have also suggested the cooperative substitute for the State.

There are very definite elements in the Cooperative Movement that when it is widespread, will have a great effect on the form of government required. Needless to say that government would be democratic. Dr. Warbasse refers to this effect of cooperation as the "fading State". In other words, the functions of government would become less

and less necessary. "It is becoming obvious that if the people, as consumers, were organized democratically they would not need to bother so much with legislative bodies. They could have what they want irrespective of legislation..... The people need the State and its government because they have not (yet) organized themselves to do things."⁷⁵

It is most important that there be an efficient organization to take the place of the "fading State". As the Cooperatives bring about more just conditions, better living conditions, and a higher culture, there would be less for State agencies to do. Think of the multitude of regulations now having to be enforced by the government agencies in order to keep food up to certain standards, interstate commerce on a fair basis, certify correct labels, test weights, etc! In a well organized consumer organization all this is done by the consumers themselves. They establish standards and see that they are enforced. They have little difficulty in enforcing standards because they are interested only in what is good. When the Swiss Consumer's Cooperative Union got control of the meat trust in Switzerland, "the laws against bad meat, the courts and penalties for selling diseased meat, and the inspectors to prevent fraud became unnecessary. Consumers find no advantage in supplying themselves with bad food. It is always somebody else who finds that advantage. With every additional function performed by the cooperative consumers, the government loses a multitude of functions."⁷⁶

In any case, as the cooperative movement grows, the functions of government are going to change. Perhaps the Cooperative Commonwealth will not be so Utopian as it looks now, but will be the natural outgrowth of a movement based on the same principles as the Christian idea of the "Kingdom of God on Earth."

Chapter V

Problems of Race, The Individual in Society, Internationalism

Cooperation, as has been intimated, sees no racial barriers. The sharecroppers on the Delta Farm in Mississippi are both whites and negroes, working together toward their common goal of economic independence. Such conceptions as "the white man's burden", "Aryan supremacy", or any racial superiority are completely foreign to cooperation. This does not mean that cooperation aims to totally disregard all traditionalism in this problem. As in other matters, it aims at slowly breaking down racial prejudice through education and working together. But true cooperation could never keep as its goal the conception of a cooperative world, while at the same time clinging to hampering notions of racial inequality. Cooperation cannot succeed with white people alone participating. It must work with everybody to win the greatest advantages for one or many.

This brings us to another consideration. There seems to be much fact in the theory that racial discrimination arises from economic causes. If so, race conflicts and class conflicts would come from like causes. When a dominant group gains increased advantage through economic exploitation of another group it immediately follows that those who are exploited are considered vastly inferior. This is the first defense of those responsible for the nefarious work. How else could Britain at the turn of the century sell millions of dollars worth of opium to the Chinese, while at the same time strictly forbidding its use to her own citizens? Her example is being scrupulously followed by the Japanese today who use a large proportion of Manchurian farms for drug cultivation. These drugs are forced on the Chinese while Japanese caught using them are shot. The "Nigger" in the south is still considered by many to be a

pretty good animal. The prevalence of this notion closely parallels the degree to which negroes have been and are exploited.

Besides the principle of no racial discrimination, Cooperation is directly aiding the negro to beat the system that is exploiting him. Consumers cooperatives organized by the negroes themselves in Gary, Chicago and other cities, are enabling the negro to be independent of the exploiting activities carried on by discrimination in stores. The negroes, like other depressed groups can accomplish by cooperation what could not be done by individuals. "In consumer cooperation lies the economic emancipation of the negro."⁷⁷

The Individual and his Standard of Living

But what about our standard of living? When a high standard of living is won by one group, it is often at the expense of another, under capitalism. However, it seems to be true that when barriers between economically unequal groups are broken down slowly, the net result over a reasonable period of time is that the average standard of living of the two groups is considerably raised. For example, most Americans could conceive of nothing as horrible as free trade with a country like China. But cooperation believes that the good of one depends on the good of all, and aims to be world inclusive. Our prohibitive tariffs can certainly in no sense be called good for the Chinese. The fact is that our present position of competitive domination is so wasteful that the savings made by cooperation would raise the Chinese standard of living to our level in a comparatively short time. One frequently hears the exclamation, "What an awful leveling down." Actually, it would be no such thing, but a leveling up. Incidentally

there are a multitude of Chinese contributions to the art of living, mostly not specifically economic, which would be of tremendous cultural value to the American people. Such an interpenetration of cultures would be a most stimulating and rejuvenating experience for both nations. Cooperation would be conducive to this.

One more point should be made in this connection. Cooperation looks toward a goal, that goal might be described as the point in economic development where men may have complete economic freedom i.e. to put economic considerations in the background, and give themselves to the social, cultural and spiritual pursuits in which are found life's deepest joy and satisfaction. Therefore, in utter contrast to capitalism, cooperation aims to decrease the emphasis upon material rewards. Rather than material rewards, it tries to give its members, including employees, an adequate economic livelihood. It can say with Marx, "to everyone according to his needs and from everyone according to his ability."

Putting these ideas into action, the Pacific Cooperative Services (and other cooperative organizations) states in its by-laws that no employee (including managers and directors) shall receive more than five times the lowest salary. Someone has estimated that America has the natural resources and production facilities to give every citizen a salary of \$20,000 a year. As cooperatives make progress toward this goal of sufficiency for all, the five to one ratio will be decreased for after all, even today, the amount of material rewards (salary or income) for those above the subsistence level, are by no means certain keys to joy, security and satisfaction in life. Often it happens that wealth works greater havoc with men's happiness than it did with King Midas of old!

As we have said, cooperation does not aim at an expropriation of the wealth and possessions of those who have today. But it does propose to remove the significance of that wealth in terms of power which is used for the benefit of the few and the burdening down of the many. Under cooperation, individuals may accumulate considerable wealth through careful saving, but this ~~wealth~~ will carry with it the same single vote in control ~~that~~ the least wealthy man has. Thus the chief incentives toward accumulating wealth beyond one's ability to use it will be removed.

There will continue to be private ~~property~~ - for everyone. "Every individual wants property. It is a natural hunger. It not only makes him frugal, but it gives him a personal sense of satisfaction and freedom from care. The propertyless man is, indeed, a poor man..... A surplus of property is an anchor to windward. I cannot see how letting some other body, or the state, own all the property would solve the problem for the people."⁷⁸

As for individual ability and initiative, these will be given unlimited opportunity for growth in the Cooperative Movement. The use of one's capacity to the utmost is a major contributing factor toward personal satisfaction and happiness and may become increasingly so when it is divorced from arbitrary systems of material reward. Men seldom make supreme sacrifices directly for wealth; does it not follow that they will make their greatest contributions to society regardless of possible increases of personal wealth? In Denmark, "Multi-millionaires do not exist. They do not seem to be necessary. The initiative of the people has ~~been~~ awakened by other rewards than great wealth."⁷⁹

We have heard much about individual freedom, but in this country it is a luxury possessed by the few. In Denmark, on the contrary, the activities engaged in by the farmer or average citizen have given him a self-reliance and a pride in his profession, whether low or high, which truly liberates the creative powers of each individual. This liberty he has found is not that of one against the world (of competitors or foes) but as an "integral part of the larger world: a world not limited by his own country alone but by the world in which he buys his feed and fertilizer and the world in which he sells his product. The psychological effects of this last are of profound significance."⁸⁰

The moral gains of the individual cooperator are even more important. Taking part in his societies' activities he develops the "feeling that he has a voice in the direction of great affairs (and) he acquires an added value and a healthy importance in his own eyes. He knows also that in his degree and according to his output, his is on an equal footing with the largest producer and proportionately is sharing as well. There is no longer any fear that because he is a little man, he will be browbeaten, or forced to accept a worse price for what he has to sell than does his rich and powerful neighbor. The skilled minds which direct his business work as zealously for him as for that important neighbor."⁸¹

Through Cooperation, the individual may assert himself in a world which is today too overwhelming and complex for little men alone. These might be written on the problems of international relations, colonies, war and so forth, and the relation of cooperation to these aspects of our civilization. A few pertinent facts may be

stated however, and the rest of the matter left to deductions from other treatments and to further study.

International Relations

First, Cooperation is absolutely opposed to war. Friendliness and the attitude of cooperation are excellent guarantees against invasion or entanglement as was shown by the way in which the Scandinavian countries stayed out of the Great War. As for wars of conquest, "civilizing wars", wars to change a political or economic set-up or to clean somebody else's house, these are utterly opposed to the cooperative method of slow change through education. Taken over a period of years, this slow change may actually turn out to be far more rapid and truly economical, than the "quick" and devastating methods of states and politicians. Many wars have been largely international competition in its most forceful form. Cooperation needs only to point to the historical records which show how meager are the returns of conquest in proportion to the cost of the war. America sank the Spanish navy in Manila Bay at tremendous money expense for the expedition, but far from being a paying investment, the Philippines have been costing us money and headaches ever since. Notice how Britian and America, the world's richest nations, were hit devastating blows by the depression and have still millions of unemployed. Rich and poor nations suffered alike. But no other cause is as potent a factor in bringing on this condition as international non-cooperation, trade barriers and "capitalistic boycotts." The splendid record of cooperative enterprises and nations, most of which continued to progress rather than to back water, during the war and the subsequent depression, is a pointed indication of the

economic soundness and ultimate necessity of cooperation both national and international.

In Denmark, the question among political parties concerning military expenditures and preparedness is "shall we or shall we not spend anything at all for these items", not "shall we spend a lot more or a little more",⁸² as is the case in the larger nations. Danish people pay about \$3 each per year for their protection; Americans, though there are thirty times as many people who are all remote from dangerous potential enemies, pay \$8 to \$10 each for protection. Consider the United States as a giant corporation in which you owned some stock. That corporation would be spending a billion to a billion and a half in a non-productive enterprise, armament building. Perhaps you would be tempted to sell your shares before that corporation went on the rocks.

We have conflict and violence about us all the time, as George A. Coe⁸³ says, which is an inherent, and accepted part of our system. War is but the worst expression of that system, being a direct result of outgrowth of it. Cooperation never makes the mistake of trying to stop a tremendous evil in a hurry - as did America in the World War. But as in the Scandinavian countries in the World War, the cooperators plod steadily ahead, war or no war, depression or no depression. Finally, war is a direct violation of the basic cooperative concept of the supreme importance of the individual, for in war the individual completely loses his identity and becomes a cog in the war machine. Hitler and Mussolini have liquidated the cooperatives in their country because one cannot glorify war and tolerate cooperation at the same time!

Chapter VI

Obstacles to and Weaknesses of Cooperation

We have had much to say of the successes and possibilities of cooperation. What are some of its weak points, its difficulties and obstacles, and its failures?

The most notable failures of cooperatives are in Germany and Italy. We have already shown why they have failed. Likewise, in many other countries there are legal limitations to cooperation. In this country, before the enactment of credit union laws, these organizations could not become effective. Laws in the United States, on the whole, favor business carried on for profit. Awakened opposition of money interests have also exerted much political pressure against cooperatives.

English cooperators were practically forced to enter the political field to fight for consumer rights. The Cooperative Political Party, recently formed by the English, has met with serious difficulties within its ranks, for a split between the moderate lefts and radical left has handicapped its activities. As far as possible a healthy cooperative should remain non-partisan, to stay healthy.

One of the biggest difficulties of American Cooperatives is chain store competition. The chains are so efficient and possess such superior buying advantages that it is about all a cooperative can do to keep its head above water - let alone make a savings return. English Cooperatives had a head start by being organized before or simultaneously with the chains. The first year of a cooperative store is usually a long, hard fight. If it is won, increasing success lies ahead, usually. Perhaps it is really a good thing that the savings-returns are meager, for then the cooperative does not attract those whose interest goes no further than the money saved. The member-

ship must be made up of people who have an idealistic vision of its social significance, and are ready to sacrifice for their venture. These are the best and strongest cooperatives. Cooperation must be seen as a philosophy of life, including the whole of life, not just an economic convenience.

Jerome Davis lists eighteen obstacles to effective cooperation in the United States. Some of the more outstanding may be briefly restated: (1) America is so vast that it is difficult for cooperators to get together for mutual assistance, (2) the capitalistic materialistic spirit - dominant in America - tempts men to pervert cooperation to their own ends, (3) Americans want to make money, quickly and easily, (4) Americans as a whole are not particularly interested in thrift, (5) they are often unwilling to make the effort to be democratic. It is easier to support a dictator, (6) there is a strong tendency to violate fundamental principles even to the extent of merely using the cooperative name. This makes for the discredit of true cooperation, (7) America is composed of many races and nationalities, and has actually no cohesive, national unity, (8) though some say that cooperatives are strongest among the very poor, they fail to appeal to the neediest in America. He also quotes from Dr. Warbasse a list of the mistakes often made in financial policy:

- a. Starting with too little capital
- b. Allowing its withdrawal
- c. Giving credit
- d. Buying on credit
- e. Bad bookkeeping methods
- f. Failure to have accounts audited
- g. Declaring a saving-divident to members too soon
- h. Underselling private stores (thus arousing opposition)
- i. Failure to develop cooperative banking. ⁸⁴

Any or all of these may contribute to the failure of a society, but back of it all is a lack of appreciation of the fundamental principles necessary for stability and growth.

Cooperation builds within the present social order. Just as it replaces a failing system slowly, it must also slowly develop within itself. Cooperation cannot and should not attempt to put in practice immediately its long range objectives. So it often happens that the directors and managers of large organizations appear quite conservative. Actually they are carrying out faithfully the Rochdale principles, which are in themselves radical. It does not pay a movement in constant contact with capitalism to proclaim abroad its radicalism.

Concessions must be and are made to the present order. Though it is in the nature of cooperation to pay no interest on investments beyond handling expenses, most groups do pay a small fixed amount. Some more educated groups do not. But the idea of interest is so strongly ingrained in Americans that it would be foolish to offer them nothing on their investment, so the rate is fixed at a maximum of approximately 4%.

Another matter is that of wages and salaries. Cooperatives never pay huge and excessive salaries. Albin Johansson, director of the powerful Swedish Wholesale, receives a salary of about \$5,000 , though he carries responsibility comparable to that of the president of one of our giant corporations. In disproportionate salaries there is the connotation of rewards, but the shift to simply adequate salaries must be made slowly as ideas change from success and happiness through possession, to joy in service. However, the cooperatives attempt to

pay their employees a fair wage - union wages or better - and generally are successful in this.

Numerous voices have raised objections and indicated possible failing points of cooperation. Cooperation, it has said, is romantic and sentimental wishful thinking. This objection might be applied to any idealistic activity, but cooperation has justified its position by its successes. Mr. Goodwin Watson in an article in the Christian Century⁸⁵ says that mass production necessitates complex distributive facilities and cooperation cannot save much money in distribution. Similarly cooperation in production can lower prices only by increased efficiency which is exactly what free capitalistic competition does. He forgets, however, that cooperation does not have to compete on the same grounds. It is far more sure of its clientel and does not have to depend on expensive advertising, displays, highpriced stores or promoters. It can take advantage of wasteful competition between two rival capitalistic competitors.

Mr. Watson also makes the common mistake of confusing cooperation with socialistic public enterprises such as road building, forestry, education etc. Cooperation is not dominated from the top by government bureaucracy, but democratically controlled ~~By~~ from the bottom. They are hardly small scale models of socialism - as he suggests. The most common objection which he raises is that democratic control cannot match dictator efficiency and coordination. This weakness is especially apparent in new groups, and individual training for better democracy is one of the goals of cooperative education. Nevertheless, cooperation proposes centralized administration for efficiency, and and decentralized control for

democracy. Good administration is not necessarily inseparable from dominating control.

A most interesting point he, and others, raise is that whether cooperatively run or no, the people can only buy about one-half to three-fourths of the possible production of plants already existing, and even if they did, it would not bring prosperity. But that is just the point. Cooperation realizes that industry has been badly over-built for production. The main purpose of these super-factories is to discover a place for investment and to out-compete rivals. Cooperation would not buy up all these plants but would invest only for use i.e. for producing the amount the people need and could consume. The money that under capitalism is constantly being invested in producer goods to make profits, under cooperation is turned back into circulation and buying power. And it would have no use for those extra plants which, in the long run, serve no other purpose than to provide competition.

In summary, it may be said, that Mr. Watson's and most other objections to cooperatives are made on the basis that they are not a panacea. Cooperatives do not pretend to be a cure-all and they face difficulties which may be, for a time, insurmountable. They do claim to be a better way, a way that points toward economic-social betterment and true personal liberty.

There is one outstanding danger which cooperation faces, which is not peculiar to it alone. Someone has said that every great idea tends to become an institution which then in turn tends to throttle the idea. This is not to say that there should be no institutions but that

the goal or ideal should be ever in sight in order that the institution may not become an end in itself. Cooperation likewise, must never forget its goal of social-economic freedom for the individual through mutual assistance. In England, cooperators generally do not see beyond their monthly dividends, which they find most useful. Cooperation in England could be a powerful influence, but far from rejuvenating society, it is working pretty much hand in hand with capitalism. It is just another way of doing business.

Denmark, on the other hand, has kept its vision with the result that socially it is well ahead of other countries. There, cooperation includes the whole of life.

The Cooperative Movement must keep its vision or it will lose its soul, and fail as so many churches have failed. Cooperation cannot keep its vision, if it sees no further than man, or even Society; it must have a deep faith, and feeling of dependence on the whole universe and its Maker. Unless there is a growing consciousness in the Movement of an at-oneness with the ultimate laws and purposes of the Universe - it cannot truly succeed.

George Russell concludes, "I do not regard any of these forms of cooperative organization as ideal or permanent. The Cooperative Movement must be regarded rather as a great turning movement on the part of humanity towards the ideal."³⁶

Chapter VII

Conclusion

Let us return now and review this search of Christian young people for a way to invest their lives, in the light of this survey.

Cooperation does not stand out alone as the all inclusive field of life activities. It must have religious fervor and vision. For this, it looks to the Christian Church. If the church fails, it will look elsewhere, or perhaps the Christian way of life will have a rebirth through cooperation as is happening in Scandinavia. This reborn religion may have no institutional form. If it does, it will certainly be radically different from our present conventional church.

Cooperation cannot get along without education. The more help it can get from modern educational institutions the better, but here again, if education fails, a new kind of education such as the Folk Schools may be formed.

It must work together with labor for the labor movement today is the awakening of the great masses of underprivileged people. These people are the same masses for which cooperation seeks a fair share. Cooperation can use their awakening power to bring permanently better conditions for all people, not merely a single group. Kirby Page has said (in private conversation) that the labor movement was the most important issue before America or the world today. The labor movement will defeat itself as it is doing in Russia unless it can share with cooperation the all inclusive, long range view.

And cooperation must have the support of government. Though it stands for the "fading state" it recognizes the dominance of government today and that a government such as Germany has under Hitler may indefinitely postpone the effectiveness of cooperation.

Youth is seeking for other values than material possessions to which to give its life energies and devotion. The material world of resources has been exploited until our very civilization is toppling on our heads. Jobs as we once knew them - as a means to a living and toward possessing many things - are fast vanishing. But the ore veins in the world of people themselves have barely been scratched. Those youth who will consider first the interests and development of people, will discover that they have made a new kind of job for themselves; and that they have a living which is more than satisfying, not because they have many things, but what is infinitely more valuable, many friends. Security and happiness are best interpreted in terms of friendship.

Cooperation offers this incomparable opportunity to youth for a useful life. No more need a person be fearful first for his daily bread, hoping always later that he may be of some use to his fellows. The whole emphasis is changed, so that one may find his living made, as he works serving the greater good of society.

Individually men have struggled to live Christian lives, in complete contrast to their environing social order which is so shot through with evil and with which they are in constant contact. This is an almost impossible task. But given even the beginnings of a social order built for the individual and a new hope shines out in living.

We have said that in selecting a life work a person should carefully consider the larger aspects of all life's activities. Having made a studied evaluation of all apparent possibilities, and chosen a general field as the most worth while possible outlet for his Christian

services, he should then turn inward and discover his own special talents. So far as he is able he should choose the particular vocation which will give the greatest impetus to the whole movement, and which will also allow him maximum personal development. It may be research, management, teaching, sewing, machine work, or ditch digging; all are essential to better living for every one in our society. He can find in the Cooperative Movement a job which will demand the best that is in him, and a purpose, a challenge, and a vision, practical enough to work, idealistic enough to demand true loyalty.

Notes and References

Part I

1. For a full discussion of the parallel growth of capitalism and protestantism, see Max Weber, The Protestant Ethic.
2. Henry A. Wallace, Earl Lecturer, Pacific School of Religion, Berkeley, California, 1938.
3. J. H. Oldham, The Oxford Conference p. 78 f.
4. Jerome Davis, Capitalism and Its Culture p. 31.
5. Ibid. p. 19 f.
6. Arthur Nash's plan is described fully in his book, "The Golden Rule in Business".
7. This is the opinion expressed by Dr. Lynn White, Professor at San Francisco Theological Seminary, San Anselmo, Calif. in private conversation.
8. J. H. Oldham, op. cit. p. 114.
9. Ibid. p. 108 ff.

Part II

1. Robert Owen - a Utopian of the early 19th century, who was a visionary leader in social movements and helped in passing social legislation, including the Factory Acts of 1819. He laid down plans for the trade union movement. The Cooperative buying societies of that time were a direct outgrowth of his experiments in the New Lanark Mills. Owenite is the expression given to his followers. See Davis, Contemporary Social Movements. p. 53; 101.
2. Eddy and Page, Creative Pioneers, p. 51.
3. Ibid p. 51.
4. Davis, op. cit. p. 540.
5. Warbasse, Cooperative Democracy, p. 21.
6. A.E., The National Being, p. 11.
7. Eddy and Page, op. cit. p. 51.
8. Ibid p. 52 f.
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10. Kagawa, Brotherhood Economics, p. 148.
11. The foregoing facts and figures are based on personal investigation of the Pacific Cooperative Services, INC.
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29. Eddy and Page, op. cit. p. 55.
30. Christian Century, Vol. L.V, No. 5, p. 142, Feb. 2, 1938.
31. " " " " " "
32. Paragraph adapted from Fowler, op. cit. p. 119ff.
33. Fowler, op. cit. p. 125.
34. Warbasse, op. cit. p. 76.
35. Fowler, op. cit. p. 127.

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37. Eddy and Page, op. cit. p. 63.
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